



**Auditor of State  
Betty Montgomery**



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Central Ohio Joint Vocational School  
Madison County  
7877 US Highway 42 South  
Plain City, Ohio 43064

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, the General fund and the aggregate remaining fund information of Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General fund and the aggregate remaining fund information of Central Ohio Joint Vocational School District, as of June 30, 2003, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and reclassified funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004, 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
**Auditor of State**

February 20, 2004

**Central Ohio Joint Vocational School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

The discussion and analysis of the Central Ohio Joint Vocational District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

*Overall:*

- Total net assets decreased \$1,158,638 in Governmental Activities. This was due to a decrease in millage from 1.1 mill to .5 mill effective January 1, 2003.
- The General Fund reported a positive fund balance of \$20,068,870 according to the Balance Sheet.
- The District has no outstanding debt.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. In the case of the District, the general fund is by far the most significant fund.

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2003. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

**Central Ohio Joint Vocational School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

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

In the *Statement of Net Assets and the Statement of Activities*, the District reports on the following activity type:

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

***Reporting the District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental fund is the General Fund.

***Governmental Funds:*** The District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The District's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

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

**The District as a Whole**

The District's total net assets decreased from a year ago, as shown in Table 1. The decrease indicates that the District was able to maintain its financial health while adding staff and programs to meet the needs of the students.



**Central Ohio Joint Vocational School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
**Unaudited**

Table 1  
Net Assets

	Governmental Activities	
	2003	2002
<b>Assets</b>		
Current and Other Assets	\$23,811,471	\$26,396,242
Capital Assets	8,666,959	9,332,766
<b>Total Assets</b>	<b>\$32,478,430</b>	<b>\$35,729,008</b>
<b>Liabilities</b>		
Long-Term Liabilities	(506,079)	(459,565)
Other Liabilities	(2,819,519)	(4,957,973)
<b>Total Liabilities</b>	<b>(3,325,598)</b>	<b>(5,417,538)</b>
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	8,666,959	9,332,766
Restricted	600,228	1,693,943
Unrestricted (Deficit)	19,885,645	19,284,761
<b>Total Net Assets</b>	<b>\$29,152,832</b>	<b>\$30,311,470</b>

Current and Other Assets decreased mainly as a result in the reduction of property taxes receivable at June 30, 2003 from \$5,068,917 in fiscal 2002 to \$2,734,402 in fiscal 2003. This was due to a decrease in millage from 1.1 mill to .5 mill effective January 1, 2003.

Capital Assets decreased due to disposal of capital assets.

Long-Term Liabilities increased due to the salary base used in calculating future severance payments.

Other Liabilities decreased primarily due to a reduction in deferred revenue from \$4,200,665 in fiscal 2002 to \$2,411,703 in fiscal 2003.

Table 2 reflects the changes in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior fiscal year information is available, a comparative analysis of government-wide data will be presented.

Table 2  
Program Revenues and Expenses  
Governmental Activities  
2003

**Revenues**  
Program Revenues:

**Central Ohio Joint Vocational School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
**Unaudited**

Charges for Services	\$252,781
Operating Grants	492,930
General Revenues:	
Property Taxes	3,410,548
Grants and Entitlements	2,411,163
Other	476,041
<b>Total Revenues</b>	<b>\$7,043,463</b>
<b>Program Expenses</b>	
Instruction:	
Regular	\$868,400
Special	156,084
Vocational	3,788,889
Adult/Continuing Instruction	43,040
Support Services:	
Pupils	629,089
Instructional Staff	508,317
Board of Education	43,301
Administration	655,158
Fiscal	227,696
Operation & Maintenance of Plant	928,973
Pupil Transportation	4,003
Central	161,360
Operation of Non-Instructional Services	157,021
Extra-curricular Activities	30,775
<b>Total Expenses</b>	<b>\$8,202,101</b>
Increase (Decrease) in Net Assets	(\$1,158,638)

Program revenues for governmental activities are 11 percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

The major program expense for governmental activities is for instruction, which is 61 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, are 26 percent of governmental expenses. Maintenance of the District's facilities also represents a significant expense, 12 percent. Therefore, over 99 percent of the District's expenses are related to the primary functions of providing facilities and delivering education. As can be seen, these costs are funded almost entirely from property taxes and grants and entitlements.

**Central Ohio Joint Vocational School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

**Governmental Activities**

Table 3 indicates the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlement. Comparisons to fiscal year 2002 have not been made since they are not available.

Table 3  
Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$4,856,413	\$4,379,877
Support Services:		
Pupil and Instructional Staff	1,137,406	1,036,718
Board of Education, Administration, Fiscal and Business	926,155	909,467
Operation and Maintenance of Plant	928,973	928,973
Pupil Transportation	4,003	4,003
Central	161,360	161,360
Operation of Non-Instructional Services	157,021	5,217
Extracurricular Activities	30,775	30,775
Total Expenses	\$8,202,101	\$7,456,390

Of the total revenues for governmental activities 46 percent comes from local taxes.

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,657,635 and expenditures of \$7,489,780. The net change in fund balance for the year was most significant in the General Fund, where the fund balance decreased by \$ 779,281 in 2003.

**General Fund Budgeting Highlights**

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

During the course of fiscal 2003, the District amended its general fund budget as needed.

**Central Ohio Joint Vocational School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

For the general fund, final budget basis revenue was \$6,569,757, which was below the original estimate of \$7,680,673. Of this \$1,110,916 difference, most was due to the decrease in millage from 1.1 mill to .5 mill.

Final budgeted expenditures in the amount of \$26,345,129 were \$19,544,299 above actual expenditures. The District generally over appropriates in case unexpected expenditures arise during the fiscal year.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$6,800,830, \$231,073 above revenues.

***Capital Assets***

At the end of fiscal 2003, the District had \$8,666,959 invested in land, buildings, equipment, and vehicles (net of accumulated depreciation); all in governmental activities.

The District had an auction at which time many items were sold and subsequently removed from the asset listing. This accounts for the majority of the decrease.

Note 8 provides additional details regarding capital assets.

***Current Issues***

The Central Ohio Joint Vocational School District remains stable in a declining economy and uncertainty in State funding. The District covers a diverse area that includes suburban residential areas as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The District has maintained an excellent financial position over the last 30 years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the District over the years the millage has been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. It is not anticipated that the District will need any additional voted millage in the near future.

**Central Ohio Joint Vocational School District**  
*Statement of Net Assets*  
*June 30, 2003*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$20,853,662
Materials and Supplies Inventory	43,416
Accounts Receivable	49,860
Intergovernmental Receivable	76,999
Prepaid Items	53,132
Property Taxes Receivable	2,734,402
Nondepreciable Capital Assets	150,000
Depreciable Capital Assets, Net	8,516,959
<i>Total Assets</i>	32,478,430
<b>Liabilities</b>	
Accounts Payable	34,987
Accrued Wages	582,494
Intergovernmental Payable	83,855
Internal Payable	4,158
Deferred Revenue	2,094,620
Compensated Absences	19,405
Long-Term Liabilities:	
Due Within One Year	79,954
Due In More Than One Year	426,125
<i>Total Liabilities</i>	3,325,598
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	8,666,959
Restricted for:	
Capital Projects	552,460
Other Purposes	47,768
Unrestricted	19,885,645
<i>Total Net Assets</i>	\$29,152,832

See accompanying notes to the basic financial statements



**Central Ohio Joint Vocational School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2003*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$20,213,386	\$640,276	\$20,853,662
Materials and Supplies Inventory	39,920	3,496	43,416
Accounts Receivable	43,930	5,930	49,860
Interfund Receivable	54,433	0	54,433
Intergovernmental Receivable	0	76,999	76,999
Prepaid Items	53,132	0	53,132
Property Taxes Receivable	2,734,402	0	2,734,402
<i>Total Assets</i>	<u>\$23,139,203</u>	<u>\$726,701</u>	<u>\$23,865,904</u>
<b>Liabilities</b>			
Accounts Payable	\$34,941	\$46	\$34,987
Accrued Wages	527,434	55,060	582,494
Intergovernmental Payable	73,087	10,768	83,855
Interfund Payable	0	54,433	54,433
Due to Other Funds	3,763	395	4,158
Deferred Revenue	2,411,703	68,745	2,480,448
Compensated Absences	19,406	0	19,406
<i>Total Liabilities</i>	<u>3,070,334</u>	<u>189,447</u>	<u>3,259,781</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	103,714	0	103,714
Reserved for Inventory	39,920	3,496	43,416
Reserved for Future Appropriation	322,699	0	322,699
Undesignated, Reported in:			
General Fund	19,602,537	0	19,602,537
Special Revenue Funds	0	(18,703)	(18,703)
Capital Projects Funds	0	552,461	552,461
<i>Total Fund Balances</i>	<u>20,068,870</u>	<u>537,254</u>	<u>20,606,124</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$23,139,204</u>	<u>\$726,701</u>	<u>\$23,865,905</u>

See accompanying notes to the basic financial statements

**Central Ohio Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2003*

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<b>Total Governmental Funds Balances</b>	<b>\$20,606,124</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,666,959
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	385,828
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated Absences	(491,224)
Lease Payable	(14,855)
 <b><i>Net Assets of Governmental Activities</i></b>	 <b><u>\$29,152,832</u></b>

See accompanying notes to the basic financial statements.



**Central Ohio Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$3,093,465	\$0	\$3,093,465
Intergovernmental	2,411,163	409,275	2,820,438
Interest	395,791	92	395,883
Tuition and Fees	24,625	130,159	154,784
Charges for Services	0	122,622	122,622
Miscellaneous	55,625	14,818	70,443
<i>Total Revenues</i>	<u>5,980,669</u>	<u>676,966</u>	<u>6,657,635</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	842,614	0	842,614
Special	151,807	0	151,807
Vocational	2,570,123	441,520	3,011,643
Adult/Continuing	0	34,475	34,475
Support Services:			
Pupil	468,678	90,965	559,643
Instructional Staff	534,252	6,681	540,933
Board of Education	43,301	0	43,301
Administration	628,682	14,670	643,352
Fiscal	224,254	0	224,254
Operation and Maintenance of Plant	884,150	0	884,150
Pupil Transportation	3,475	0	3,475
Central	129,985	0	129,985
Operation of Non-Instructional Services	0	150,634	150,634
Extracurricular Activities	14,360	0	14,360
Capital Outlay	239,269	15,885	255,154
<i>Total Expenditures</i>	<u>6,734,950</u>	<u>754,830</u>	<u>7,489,780</u>
<i>Excess of Revenues</i>			
<i>(Under) Expenditures</i>	<u>(754,281)</u>	<u>(77,864)</u>	<u>(832,145)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	25,000	25,000
Transfers Out	(25,000)	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(779,281)</u>	<u>(52,864)</u>	<u>(832,145)</u>
<i>Fund Balances Beginning</i>			
<i>of Year - Restated (See Note 3)</i>	<u>20,848,151</u>	<u>590,118</u>	<u>21,438,269</u>
<i>Fund Balances End of Year</i>	<u>\$20,068,870</u>	<u>\$537,254</u>	<u>\$20,606,124</u>

See accompanying notes to the basic financial statements

**Central Ohio Joint Vocational School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2003*

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**Net Change in Fund Balances - Total Governmental Funds** (\$832,145)

***Amounts reported for governmental activities in the  
statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	665,802
Revenues in the statement of activities that do not provide financial resources are not reported as revenue in the funds	385,828
Repayment of lease payable is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	5,860
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures in governmental funds.	
Compensated Absences	(52,531)
Pension Payable	152
<b><i>Change in Net Assets of Governmental Activities</i></b>	<u><u>(\$1,158,638)</u></u>

See accompanying notes to the basic financial statements

**Central Ohio Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 4,668,273	\$ 3,653,480	\$ 3,640,116	\$ (13,364)
Intergovernmental	2,476,000	2,353,000	2,411,163	58,163
Interest	500,000	500,000	480,756	(19,244)
Tuition and Fees	27,000	27,000	24,625	(2,375)
Miscellaneous	9,400	9,400	13,097	3,697
<i>Total Revenues</i>	<u>7,680,673</u>	<u>6,542,880</u>	<u>6,569,757</u>	<u>26,877</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,071,600	1,071,600	826,097	245,503
Special	293,800	294,000	160,007	133,993
Vocational	5,195,500	5,202,518	2,530,035	2,672,483
Support Services:				
Pupils	14,687,945	13,056,952	498,340	12,558,612
Instructional Staff	1,070,100	1,078,552	513,579	564,973
Board of Education	331,000	335,751	48,527	287,224
Administration	882,055	954,427	643,009	311,418
Fiscal	336,000	338,910	226,598	112,312
Business	20,000	20,000	0	20,000
Operation and Maintenance of Plant	2,779,000	2,793,672	955,460	1,838,212
Pupil Transportation	25,000	25,000	3,475	21,525
Central	209,000	209,300	127,216	82,084
Extracurricular Activities	20,000	20,000	14,363	5,637
Capital Outlay	800,000	944,447	254,124	690,323
<i>Total Expenditures</i>	<u>27,721,000</u>	<u>26,345,129</u>	<u>6,800,830</u>	<u>19,544,299</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(20,040,327)</u>	<u>(19,802,249)</u>	<u>(231,073)</u>	<u>(19,517,422)</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	0	0	7,366	7,366
Advances In	0	0	40,141	40,141
Advances Out	0	0	(54,432)	(54,432)
Transfers Out	(60,000)	(60,000)	(25,000)	35,000
<i>Total Other Financing Sources (Uses)</i>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(31,925)</u>	<u>28,075</u>
<i>Net Change in Fund Balance</i>	<u>(20,100,327)</u>	<u>(19,862,249)</u>	<u>(262,998)</u>	<u>(19,489,347)</u>
<i>Fund Balance Beginning of Year</i>	20,060,230	20,060,230	20,060,230	0
Prior Year Encumbrances Appropriated	198,922	198,922	198,922	0
<i>Fund Balance End of Year</i>	<u>\$ 158,825</u>	<u>\$ 396,903</u>	<u>\$ 19,996,154</u>	<u>\$ (19,489,347)</u>

See accompanying notes to the basic financial statements

**Central Ohio Joint Vocational School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2003*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 31,298
Due from Other Funds	<u>4,156</u>
<i>Total Assets</i>	<u><u>35,454</u></u>
<b>Liabilities</b>	
Intergovernmental Payables	25,356
Due to Others	<u>10,098</u>
<i>Total Liabilities</i>	<u><u>\$ 35,454</u></u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003**

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**Note 1. Description of the School District and Reporting Entity**

**Reporting Entity**

The Central Ohio Joint Vocational School District (the District) was organized in 1972 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. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District has been supported by a 1.1 mill continuing operating levy passed in 1972 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.

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

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and with the Metropolitan Educational Council (MEC), a jointly governed organization. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**Note 2. Summary of Significant Accounting Policies**

The financial statements of 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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The District has one major governmental fund:

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

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 general laws of Ohio.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activities and worker's compensation.

**C. Measurement Focus/Basis of Accounting**

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

**D. Basis of Accounting**

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

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**Revenues - Exchange and Non-Exchange Transactions**

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

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

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District's Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted by fund. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect at the time the final appropriations were passed by the Board.

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. 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, repurchase agreements, the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities.

Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003. For the District, all investment earnings accrue to the General and Special Revenue Funds as authorized by board resolution. Interest income earned in fiscal year 2003 totaled \$395,883.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**F. Cash and Investments (continued)**

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

**G. Inventories**

Inventories are presented at cost which is determined on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

Inventories consist of donated and purchased food, and supplies held for resale, and materials and supplies for consumption.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items.

**I. Capital Assets**

The District's only capital assets are general capital assets used in governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values on the date donated. The District maintains capitalization at \$500. The District does not have any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Buildings and Buildings Improvements	15 - 30 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**J. Interfund Assets/Liabilities**

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." Interfund balances within governmental activities are eliminated on the government wide statement of net assets.

**K. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits as well as those that are probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

**M. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

**N. Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balances are reserved for supplies inventory, encumbrances and future appropriations. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue under generally accepted accounting principles but not

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**N. Fund Balance Reserves and Designations (continued)**

available for appropriation under State statute. 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.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**P. Estimates**

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

**Note 3. Change in Accounting Principles and Restatement of Fund Balances**

**A. Changes in Accounting Principles**

For the fiscal year 2003, the District has implemented GASB Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments,"* GASB Statement No. 37, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus,"* Statement No. 38, *"Certain Financial Statement Note Disclosures"* and GASB Interpretation No. 6, *"Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."*

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

GASB Statement No. 37 makes certain classifications regarding escheat property and modifies several provisions of GASB Statement No. 34 including Management's Discussion and Analysis. GASB 38 modifies, establishes and recinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 3. Change in Accounting Principles and Restatement of Fund Balances (Continued)**

**B. Restatement of Prior Year Fund Balances**

The restatement due to the implementation of the above statements and interpretation had the following effect on fund balance of the major and nonmajor funds of the District as they were previously reported. It was determined funds previously reported as enterprise funds should be reclassified and reported as special revenue funds.

The transition from governmental fund balance to net assets of the governmental activities is also presented:

	General	Other Governmental Funds	Total
Fund Balances, June 30, 2002	\$20,774,463	\$556,912	\$21,331,375
Prepays	30,809	0	30,809
Compensated Absences	42,879	0	42,879
Fund Reclassifications	0	33,206	33,206
Adjusted Fund Balance, June 30, 2002	\$20,848,151	\$590,118	\$21,438,269
GASB 34 Adjustments:			
Net Capital Assets			9,332,766
Long-Term Debt:			
Compensated Absences			(438,693)
Intergovernmental Payable			(157)
Leases Payable			(20,715)
Governmental Activities Net Assets, June 30, 2002			<u>\$30,311,470</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 4. 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 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, General fund is presented on the budgetary basis to provide a meaningful comparison of actual results within the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

Net Change in Fund Balance	
	General Fund
GAAP Basis	\$(779,281)
Increase (Decrease):	
Due to Revenues:	
Net Adjustments to Revenue Accruals	589,088
Due to Expenditures:	
Net Adjustments to Expenditure Accruals	(65,880)
Due to Other Sources/Uses	(6,925)
Budget Basis	\$(262,998)

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 5. Deposits 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 the Board of Education has identified as not required for use within the five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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;
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. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 5. Deposits and Investments (Continued)**

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

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

**Deposits:** At year end, the carrying amount of the District's deposits was \$6,807,536, the bank balance was \$6,909,673. Of the bank balance \$155,430 was covered by Federal Depository Insurance and \$6,754,243 was uninsured and uncollateralized. Although, all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Investments:** The District's investments are required 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 for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Amount
	1	2	3	
Federal Agency Securities	0	1,999,900	0	\$ 1,999,900
Repurchase Agreements	0	0	136,652	\$ 136,652
STAR Ohio			0	11,940,872
Total Investments				<u>\$14,077,424</u>



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 5. Deposits and Investments (Continued)**

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." Reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 20,884,960	\$ 0
Investments:		
Federal Agency Securities	(1,999,900)	1,999,900
Repurchase Agreement	(136,652)	136,652
STAR Ohio	(11,940,872)	11,940,872
GASB Statement No. 3	\$6,807,536	\$ 14,077,424

**Note 6. Property Tax**

Property taxes are levied, assessed and collected on a calendar year basis, while the District's fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the 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 percent 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 usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

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 percent of its true value. Amounts paid by multi-county taxpayers may be paid 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 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 6. Property Tax**

The District receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003 was \$322,699 in the General Fund. Accrued property taxes receivable also includes amounts for any late personal property tax settlements made by the Counties.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is deferred.

The full tax rate at the fiscal year ended June 30, 2003 for operations was \$1.10 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2003 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$1,237,037,190
Real Property-Residential/Agricultural	3,425,680,160
Personal Property-General	<u>731,919,851</u>
Total Assessed Value	<u><u>\$5,394,637,201</u></u>

**Note 7. Receivables**

Receivables at June 30, 2003 consisted of taxes, accounts (tuition and student fees), 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.

A summary of the principal items of Intergovernmental Receivables follows:

	<u>Amount</u>
Governmental Activities	
Other Governmental Funds	
Career Education	\$ 8,355
Able	7,090
CDP	60,390
Food Service	<u>1,164</u>
Total Governmental Activities	<u><u>\$ 76,999</u></u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 8. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Capital Assets July 1, 2002	Additions	Deletions	Capital Assets June 30, 2003
Governmental Activities				
Land	\$150,000	0	0	\$150,000
Buildings and Buildings Improvements	11,217,662	0	0	11,217,662
Furniture and Equipment	4,798,756	85,330	359,135	4,524,951
Vehicles	448,475	0	0	448,475
Total Historical Cost	<u>\$16,614,893</u>	<u>85,330</u>	<u>359,135</u>	<u>\$16,341,088</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	\$(4,662,480)	(373,921)	0	\$(5,036,401)
Furniture and Equipment	(2,408,976)	(228,677)	(250,137)	(2,387,516)
Vehicles	(210,676)	(39,536)		(250,212)
Total Accumulated Depreciation	<u>\$(7,282,132)</u>	<u>(642,134)</u>	<u>(250,137)</u>	<u>\$(7,674,129)</u>
Governmental Activities Capital Assets, Net	<u>\$9,332,761</u>	<u>(556,804)</u>	<u>108,998</u>	<u>\$8,666,959</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**8. Capital Assets (continued)**

\*Depreciation expenses were charged to governmental functions as follows:

Instruction:

Regular	\$22,978
Special	1,199
Vocational	488,710
Adult/Continuing	8,565

Support Services:

Pupil	43,048
Instructional Staff	22,431
Administration	18,804
Fiscal	1,887
Operation and Maintenance of Plant	31,198
Pupil Transportation	528
Central	83
Other Operation of Non-Instructional Services	2,704

Total Depreciation Expense	<hr/> \$642,135
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**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 9. Long-Term Obligations**

Changes in the District's long-term obligations during fiscal year 2003 were as follows:

	Balance at 6/30/2002	Additions	Reductions	Balance at 6/30/2003	Amounts Due Within One Year
Governmental Activities					
Compensated Absences Payable	\$438,693	\$98,666	\$46,135	\$491,224	\$73,491
Capital Leases Payable	20,715	0	5,860	14,855	6,463
Total Governmental Activities Long-Term Obligations	\$459,408	\$98,666	\$51,995	\$506,079	\$79,954

**Note 10. Capital Leases**

The District is making installment payments for three copiers purchased with an original cost of \$30,086. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2003 were \$5,860 in the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2003:

Year	Governmental Activities
2004	\$7,645
2005	7,645
2006	1,276
Total	\$16,566
Less Amount Representing Interest	(1,711)
Present Value of Net Minimum Lease Payments	\$14,855

**Note 11. Interfund Assets/Liabilities**

As of June 30, 2003, the General Fund had an interfund receivable in the amount of \$54,432. The Career Development and Perkins Grant special revenue funds had interfund payables in the amount of \$10,419 and \$44,013, respectively, resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue funds.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 12. 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, 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, 2003, 2002, and 2001 were \$98,016, \$95,743 and \$93,242, respectively; 92.4 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$7,464 representing the unpaid contribution for fiscal year 2003, including the surcharge, is recorded as a liability within the respective funds.

**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.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 12. Defined Benefit Pension Plans (Continued)**

**B. State Teachers Retirement System (Continued)**

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

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The District's required pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$510,882, \$571,938 and \$547,449, respectively; 86.24 percent has been contributed for fiscal year 2003, and 100 percent for fiscal years 2002 and 2001. \$70,277 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

**Note 13. 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2003, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount was \$36,492.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

For the fiscal year ended June 30, 2003 (the latest information available), employer contributions to fund health care benefits were 5.83 percent of covered payroll. 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 2003, the minimum pay has been established at \$14,500. For the District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$44,015.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 13. Postemployment Benefits (Continued)**

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, 2003, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants receiving health care benefits.

**Note 14. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the Superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
0-9	10
10-19	15
20-beyond	20

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees, except administrators and 260 day and classified employees, is 210 days; 260 day administrators and classified employees may accumulate 295 days of sick leave. 205 day administrators may accumulate 232 days per year, based on 113 percent of teacher's accumulation of 210 days of sick leave for 185 days of service.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to a maximum of fifty days. Additionally, the teachers of the District receive an additional retirement severance of \$10,000 if retirement is taken the first year of eligibility. Longevity pay of \$1,000 is granted to certified employees with twenty five or more years of service. The superintendent is entitled to one half of all accumulated sick leave.



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 15. Risk Management**

**A. General Risk**

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 \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. In addition, the District maintains a \$2,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$33,005,000. The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reduction of coverage from the prior years.

**B. Workers' Compensation-Public Entity Risk Pool**

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 (OSBA). 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 & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Insurance**

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The District has elected to provide employee medical/surgical benefits and dental through Medical Mutual of Ohio, a fully funded program.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

**Note 16. Jointly Governed Organizations**

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is it's own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

**Note 17. 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, 2003.

B. Litigation

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

**Note 18. Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Total
Set aside Cash Balance as of June 30, 2002	\$ 0	\$ 0	\$ 0
Current Year Set-Aside Requirement	72,063	72,063	144,125
Qualifying Disbursements	<u>(323,003)</u>	<u>(521,211)</u>	<u>(844,214)</u>
Total	<u>\$ (250,940)</u>	<u>(449,148)</u>	<u>\$ (700,088)</u>
Cash Balance Carried Forward to FY2004	<u>\$ 0</u>	<u>\$ 0</u>	

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003  
(Continued)**

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**Note 18. Statutory Reserves (Continued)**

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. These amounts may be used to reduce the set-aside requirement of future years. Negative amounts, however, are not presented as being carried forward to the next fiscal year.

**Note 19. School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Note 20. Accountability**

Fund Deficits:

Fund balances at June 30, 2003, included the following fund deficits:

Adult Basic Education Grant	\$ (1,682)
Perkins Grant	\$ (39)

These deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

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CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<i>Passed Through Ohio Department of Education:</i>							
Nutrition Cluster:							
Food Distribution Program	N/A	2003	10.550	\$0	\$4,580	\$0	\$4,580
National School Lunch Program	048264-LL-P4	2003	10.555	12,031	0	12,031	0
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>				<b>12,031</b>	<b>4,580</b>	<b>12,031</b>	<b>4,580</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>							
<i>Passed Through Ohio Department of Education:</i>							
Adult Education - Basic Grants to States	063511-AB-S1	2003	84.002	19,500	0	30,925	0
Vocational Education - Basic Grants to States	063511-20-C1	2002 2003	84.048	68,324 233,025	0 0	37,646 253,407	0 0
Total Vocational Education - Basic Grants to States				301,349	0	291,053	0
<b>Total U.S. Department of Education</b>				<b>320,849</b>	<b>0</b>	<b>321,978</b>	<b>0</b>
<b>Total</b>				<b>\$332,880</b>	<b>\$4,580</b>	<b>\$334,009</b>	<b>\$4,580</b>

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

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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



## **Auditor of State Betty Montgomery**

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

Central Ohio Joint Vocational School District  
Madison County  
7877 US Highway 42 South  
Plain City, Ohio 43064

To the Board of Education:

We have audited the financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 34 and reclassified funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

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

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 a certain other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated, February 20, 2004

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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.

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

**Betty Montgomery**  
**Auditor of State**

February 20, 2004





## Auditor of State Betty Montgomery

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

Central Ohio Joint Vocational School District  
Madison County  
7877 US Highway 42 South  
Plain City, Ohio 43064

To The Board of Education:

We have audited the compliance of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is 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 its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

#### Compliance

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

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

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

This report is intended for the information and use of 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.

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

**Betty Montgomery**  
**Auditor of State**

February 20, 2004

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2003**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>Un(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Vocational Education - Basic Grants to State CFDA: #84.048
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A\B Programs</i>	Type A > \$300,000 Type B – all other programs
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None





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Betty Montgomery**

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**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT**

**MADISON 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  
APRIL 22, 2004**