



**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MEDINA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2007, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District, Medina County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 18, 2008

Medina County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

The discussion and analysis of the Medina County Joint Vocational School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2007 are as follows:

- General Revenues in governmental activities accounted for \$15.0 million in revenue or 93.4% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1.1 million or 6.7% of total revenues. The business-type activities had program specific revenues totaling \$1.8 million.
- Total program expenses were \$17.2 million. \$15.4 million was in governmental activities and \$1.8 million was in business-type activities.
- In total, net assets increased \$.7 million. Net assets of governmental activities increased \$.7 million, which represents a 7.1% increase from 2006. Net assets of business-type activities decreased \$.04 million or 15.7% from 2006.
- Capital Assets additions totaled more than \$600,000 in fiscal year 2007 with the improvement of the electrical system and starting the renovation of the animal care facility.

Using this Annual Report

This annual report consists of the Management's Discussion and Analysis (MD&A), the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

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

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all (non-fiduciary) assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes in those net assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or the majority of the expenses of the goods or services provided. The School District adult and vocational education programs and uniform school supplies are reported as business activities.

The government wide financial statements begin on page 11.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 14.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities (uniform supplies, adult education and vocational); therefore, these statements will essentially match. The School District's major proprietary fund is the adult education fund.

The proprietary fund financial statements begin on page 20.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used of proprietary funds.

The fiduciary fund financial statements begin on page 23.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	\$ 12,779,157	\$11,555,239	\$ 236,874	\$276,561	\$13,016,031	\$11,831,800
Capital Assets	7,866,813	7,504,409	136,727	143,919	8,003,540	7,648,328
Total Assets	20,645,970	19,059,648	373,601	420,480	21,019,571	19,480,128
Liabilities						
Long-Term Liabilities	1,210,121	1,354,551	37,645	75,768	1,247,766	1,430,319
Other Liabilities	8,538,073	7,525,347	120,498	89,143	8,658,571	7,614,490
Total Liabilities	9,748,194	8,879,898	158,143	164,911	9,906,337	9,044,809
Net Assets						
Invested in Capital Assets	7,866,813	7,504,409	136,727	143,919	8,003,540	7,648,328
Restricted	130,707	54,466	0	0	130,707	54,466
Unrestricted	2,900,256	2,620,875	78,731	111,650	2,978,987	2,732,525
Total Net Assets	<u>\$ 10,897,776</u>	<u>\$10,179,750</u>	<u>\$ 215,458</u>	<u>\$255,569</u>	<u>\$11,113,234</u>	<u>\$10,435,319</u>

Total assets increased by \$1.5 million with governmental assets increasing \$1.6 million and business-type assets decreasing \$.05 million. Total liabilities increased by \$.9 million, due in part to a decrease in available tax revenue and an increase in payables relating to the animal care facility renovation and roof repairs.

The net assets of the School District business-type activities decreased by \$.04 million or 15.7%. The net assets of the School District governmental activities increased 7.1% with the additional capital asset contributing to that increase.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2007 and 2006 and will help further explain the change from the prior year.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 338,917	\$ 275,943	\$ 1,494,310	\$ 1,368,556	\$ 1,833,227	\$ 1,644,499
Operating Grants	730,392	730,442	302,445	302,345	1,032,837	1,032,787
<i>General Revenue:</i>						
Property Taxes	7,403,171	7,381,923	0	0	7,403,171	7,381,923
Grants and Entitlements not Restricted to Specific Programs	7,249,032	7,074,620	0	0	7,249,032	7,074,620
Other	350,231	248,361	0	0	350,231	248,361
Total Revenues	16,071,743	15,711,289	1,796,755	1,670,901	17,868,498	17,382,190
Program Expenses						
Instruction	8,774,574	8,645,648	0	0	8,774,574	8,645,648
Support Services	6,334,269	6,302,795	0	0	6,334,269	6,302,795
Operation of Non-Instructional Services	225,487	28,928	0	0	225,487	28,928
Extracurricular Activities	19,387	13,802	0	0	19,387	13,802
Adult Education	0	0	1,380,319	1,092,621	1,380,319	1,092,621
Uniform School Supplies	0	0	193,931	191,435	193,931	191,435
Vocational Education	0	0	262,616	325,263	262,616	325,263
Total Expenses	15,353,717	14,991,173	1,836,866	1,609,319	17,190,583	16,600,492
Increase (Decrease) in Net Assets	\$ 718,026	\$ 720,116	\$ (40,111)	\$ 61,582	\$ 677,915	\$ 781,698

The governmental activities increase in net assets remained consistent with fiscal year 2006, while the business-type net assets decreased due to increases in adult education activity.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$16.1 million and expenses of \$15.4 million.

(Table 3)
Governmental Activities

	2007		2006	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 8,774,574	\$ 8,219,844	\$ 8,645,648	\$ 8,094,977
Support Services:				
Pupil and Instructional Staff	2,101,424	1,625,323	1,926,932	1,494,995
Board of Education, Administration, Fiscal and Business	2,239,543	2,226,865	2,182,242	2,167,191
Operation and Maintenance of Plant	1,688,534	1,687,845	2,003,126	2,003,126
Pupil Transportation and Central	304,768	301,768	190,495	187,495
Operation of Non-Instructional	225,487	225,261	28,928	28,928
Extracurricular Activities	19,387	(2,498)	13,802	8,076
Total	<u>\$ 15,353,717</u>	<u>\$ 14,284,408</u>	<u>\$ 14,991,173</u>	<u>\$ 13,984,788</u>

Instruction and Student Support Services comprise 70.8% of governmental program expenses. Operation and maintenance of plant accounts for 11.0% of governmental program expenses.

Financial Analysis of the School District's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 14) reported a total fund balance of \$4.0 million, which is \$.2 million over last year's balance of \$3.8 million. The most significant changes within the School District's only major fund was reported in the General fund with an increase in fund balance of \$.1 million.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Business-Type Activities

Business-type activities include our adult education programs, vocational, and the sale of uniform school supplies. These programs had total revenues of \$1.8 million and expenses of \$1.8 million for fiscal year 2007.

The School District's major enterprise fund is the adult education fund which had a decrease in net assets of \$.03 million in 2007.

General Fund Budgeting Highlights

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

For the general fund actual revenue and other financing sources of \$15.2 million was \$.8 million over the original budget estimate of \$14.3 million which represents a 5.7% variance.

Original and final appropriations and other financing uses and actual expenditures were \$15.8 million.

Capital Assets

At the end of fiscal year 2007 the School District had \$8.0 million invested in land and construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. A total of \$7.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2007 balances compared with 2006.

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and Construction in Progress	\$ 915,229	\$ 794,096	\$ 0	\$ 0	\$ 915,229	\$ 794,096
Buildings and Improvements	6,544,198	6,258,758	136,727	143,919	6,680,925	6,402,677
Furniture and Equipment	346,592	375,522	0	0	346,592	375,522
Vehicles	48,446	62,038	0	0	48,446	62,038
Infrastructure	12,348	13,995	0	0	12,348	13,995
Totals	\$ 7,866,813	\$ 7,504,409	\$ 136,727	\$ 143,919	\$ 8,003,540	\$ 7,648,328

Total capital assets increased \$.4 million or 5% over fiscal year 2006. Additions including construction in progress for the animal care facility and an electrical upgrade account for most of the increase. For additional information, see Note 8.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Current Issues

After failure of a bond issue in May 2006, the Board of Education and administration are evaluating options to raise funds to make capital improvements to the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact John Streett, Treasurer of Medina County Joint Vocational School District, 1101 West Liberty Street, Medina, Ohio, 44256-3842.

Medina County Joint Vocational School District

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,662,718	\$ 410,551	\$ 5,073,269
Receivables:			
Taxes	7,592,042	0	7,592,042
Accounts	127,176	0	127,176
Internal Balances	190,000	(190,000)	0
Intergovernmental	105,047	0	105,047
Inventory	102,174	16,323	118,497
Nondepreciable Capital Assets	915,229	0	915,229
Depreciable Capital Assets (Net)	6,951,584	136,727	7,088,311
<i>Total Assets</i>	<u>20,645,970</u>	<u>373,601</u>	<u>21,019,571</u>
Liabilities			
Accounts Payable	144,315	6,432	150,747
Contracts Payable	78,248	0	78,248
Accrued Wages and Benefits	1,109,826	57,676	1,167,502
Vacations Payable	53,965	1,928	55,893
Intergovernmental Payable	520,284	15,741	536,025
Deferred Revenue	6,472,098	0	6,472,098
Matured Compensated Absences	159,337	38,721	198,058
Long Term Liabilities:			
Due Within One Year	199,970	0	199,970
Due in More Than One Year	1,010,151	37,645	1,047,796
<i>Total Liabilities</i>	<u>9,748,194</u>	<u>158,143</u>	<u>9,906,337</u>
Net Assets			
Invested in Capital Assets	7,866,813	136,727	8,003,540
Restricted for Other Purposes	130,707	0	130,707
Unrestricted	2,900,256	78,731	2,978,987
<i>Total Net Assets</i>	<u>\$ 10,897,776</u>	<u>\$ 215,458</u>	<u>\$ 11,113,234</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Instruction:			
Regular	\$ 2,266,868	\$ 0	\$ 8,148
Special	412,534	0	0
Vocational	5,915,002	310,240	104,853
Adult Continuing	169,925	0	131,489
Other	10,245	0	0
Support Services:			
Pupils	1,621,323	0	355,802
Instructional Staff	480,101	0	120,299
Board of Education	53,692	0	0
Administration	1,570,727	6,792	5,670
Fiscal	395,449	0	216
Business	219,675	0	0
Operation and Maintenance of Plant	1,688,534	0	689
Pupil Transportation	49,969	0	0
Central	254,799	0	3,000
Operation of Non-Instructional Services	225,487	0	226
Extracurricular Activities	19,387	21,885	0
<i>Total Governmental Activities</i>	<u>15,353,717</u>	<u>338,917</u>	<u>730,392</u>
Business-Type Activities			
Adult Education	1,380,319	1,047,975	302,445
Uniform School Supplies	193,931	200,856	0
Vocational Education	262,616	245,479	0
<i>Total Business-Type Activities</i>	<u>1,836,866</u>	<u>1,494,310</u>	<u>302,445</u>
<i>Totals</i>	<u>\$ 17,190,583</u>	<u>\$ 1,833,227</u>	<u>\$ 1,032,837</u>

General Revenues
Property Taxes Levied for
General Purposes
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,258,720)	\$ 0	\$ (2,258,720)
(412,534)	0	(412,534)
(5,499,909)	0	(5,499,909)
(38,436)	0	(38,436)
(10,245)	0	(10,245)
(1,265,521)	0	(1,265,521)
(359,802)	0	(359,802)
(53,692)	0	(53,692)
(1,558,265)	0	(1,558,265)
(395,233)	0	(395,233)
(219,675)	0	(219,675)
(1,687,845)	0	(1,687,845)
(49,969)	0	(49,969)
(251,799)	0	(251,799)
(225,261)	0	(225,261)
2,498	0	2,498
(14,284,408)	0	(14,284,408)
0	(29,899)	(29,899)
0	6,925	6,925
0	(17,137)	(17,137)
0	(40,111)	(40,111)
\$ (14,284,408)	\$ (40,111)	\$ (14,324,519)
7,403,171	0	7,403,171
7,249,032	0	7,249,032
307,643	0	307,643
42,588	0	42,588
15,002,434	0	15,002,434
718,026	(40,111)	677,915
10,179,750	255,569	10,435,319
\$ 10,897,776	\$ 215,458	\$ 11,113,234

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

Balance Sheet

Governmental Funds

June 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,557,966	\$ 104,752	\$ 4,662,718
Receivables:			
Taxes	7,592,042	0	7,592,042
Accounts	127,176	0	127,176
Interfund	246,955	0	246,955
Intergovernmental	0	105,047	105,047
Inventory	102,174	0	102,174
<i>Total Assets</i>	<u>\$ 12,626,313</u>	<u>\$ 209,799</u>	<u>\$ 12,836,112</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 143,929	\$ 386	\$ 144,315
Contracts Payable	78,248	0	78,248
Accrued Wages and Benefits	1,090,584	19,242	1,109,826
Interfund Payable	0	56,955	56,955
Intergovernmental Payable	517,312	2,972	520,284
Deferred Revenue	6,782,655	7,386	6,790,041
Matured Compensated Absences	159,337	0	159,337
<i>Total Liabilities</i>	8,772,065	86,941	8,859,006
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	653,022	7,235	660,257
Reserved for Inventory	102,174	0	102,174
Reserved for Tax Revenue Unavailable for Appropriation	809,387	0	809,387
Unreserved, Undesignated, Reported in:			
General Fund	2,289,665	0	2,289,665
Special Revenue Funds	0	115,623	115,623
<i>Total Fund Balances</i>	<u>3,854,248</u>	<u>122,858</u>	<u>3,977,106</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 12,626,313</u>	<u>\$ 209,799</u>	<u>\$ 12,836,112</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances	\$	3,977,106
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		7,866,813
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred in the funds.		
Grants	\$ 7,386	
Delinquent Property Taxes	310,557	317,943
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	(1,210,121)	
Vacation Benefits Payable	(53,965)	(1,264,086)
 Net Assets of Governmental Activities	 \$	 <u>10,897,776</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,413,706	\$ 0	\$ 7,413,706
Intergovernmental	7,249,032	723,006	7,972,038
Investment Income	304,636	3,007	307,643
Tuition and Fees	306,512	0	306,512
Extracurricular Activities	0	28,677	28,677
Rentals	3,728	0	3,728
Miscellaneous	17,535	25,053	42,588
<i>Total Revenues</i>	15,295,149	779,743	16,074,892
Expenditures:			
Current:			
Instruction:			
Regular	2,115,530	8,148	2,123,678
Special	399,591	0	399,591
Vocational	5,704,483	97,044	5,801,527
Adult Continuing	44,725	125,200	169,925
Other	0	10,245	10,245
Support Services:			
Pupils	1,292,786	321,128	1,613,914
Instructional Staff	385,267	109,123	494,390
Board of Education	53,692	0	53,692
Administration	1,548,948	11,614	1,560,562
Fiscal	385,596	250	385,846
Business	219,069	0	219,069
Operation and Maintenance of Plant	1,683,641	614	1,684,255
Pupil Transportation	41,298	0	41,298
Central	249,402	3,000	252,402
Operation of Non-Instructional Services	222,889	201	223,090
Extracurricular Activities	0	19,387	19,387
Capital Outlay	806,578	0	806,578
<i>Total Expenditures</i>	15,153,495	705,954	15,859,449
<i>Net Change in Fund Balance</i>	141,654	73,789	215,443
<i>Fund Balance at Beginning of Year</i>	3,712,594	49,069	3,761,663
<i>Fund Balance at End of Year</i>	\$ 3,854,248	\$ 122,858	\$ 3,977,106

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	215,443
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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 outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 625,538	
Current Year Depreciation	<u>(263,134)</u>	362,404
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	7,386	
Delinquent Property Taxes	<u>(10,535)</u>	(3,149)
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	144,430	
Vacation Benefits Payable	<u>(1,102)</u>	<u>143,328</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>718,026</u></u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 7,844,015	\$ 7,195,764	\$ 7,195,764	\$ 0
Intergovernmental	5,869,428	7,249,032	7,249,032	0
Investment Income	246,659	304,636	304,636	0
Tuition and Fees	145,206	130,728	179,336	48,608
Rentals	3,019	3,728	3,728	0
Miscellaneous	14,197	17,535	17,535	0
<i>Total Revenues</i>	<u>14,122,524</u>	<u>14,901,423</u>	<u>14,950,031</u>	<u>48,608</u>
Expenditures:				
Current				
Instruction	8,292,419	8,151,089	8,151,089	0
Support Services				
Pupils	1,326,603	1,303,867	1,303,867	0
Instructional Staff	361,527	355,375	355,375	0
Board of Education	55,280	54,342	54,342	0
Administration	1,613,679	1,586,583	1,586,583	0
Fiscal	436,312	428,899	428,899	0
Business	227,016	223,116	223,116	0
Operation and Maintenance of Plant	1,936,122	1,904,069	1,904,069	0
Pupil Transportation	43,543	42,903	42,903	0
Central	266,363	261,906	261,906	0
Operation of Non-Instructional Services	48,726	47,889	47,889	0
Capital Outlay	1,191,243	1,178,795	1,165,595	13,200
<i>Total Expenditures</i>	<u>15,798,833</u>	<u>15,538,833</u>	<u>15,525,633</u>	<u>13,200</u>
Excess of Revenues Over (Under) Expenditures	(1,676,309)	(637,410)	(575,602)	61,808
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	21,434	21,434	21,434	0
Advances In	206,250	206,250	206,250	0
Advances Out	(246,955)	(246,955)	(246,955)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(19,271)</u>	<u>(19,271)</u>	<u>(19,271)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,695,580)	(656,681)	(594,873)	61,808
<i>Fund Balance at Beginning of Year</i>	3,489,048	3,489,048	3,489,048	0
Prior Year Encumbrances Appropriated	788,595	788,595	788,595	0
<i>Fund Balance at End of Year</i>	<u>\$ 2,582,063</u>	<u>\$ 3,620,962</u>	<u>\$ 3,682,770</u>	<u>\$ 61,808</u>

See accompanying notes to the basic financial statements.

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Medina County Joint Vocational School District

Statement of Net Assets

Proprietary Funds

June 30, 2007

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 377,540	\$ 33,011	\$ 410,551
Inventory	0	16,323	16,323
<i>Total Current Assets</i>	377,540	49,334	426,874
Non Current Assets:			
Depreciable Capital Assets (Net)	136,727	0	136,727
<i>Total Assets</i>	514,267	49,334	563,601
Liabilities			
Current Liabilities:			
Accounts Payable	932	5,500	6,432
Accrued Wages and Benefits	57,676	0	57,676
Vacation Benefits Payable	1,928	0	1,928
Interfund Payable	0	190,000	190,000
Intergovernmental Payable	15,741	0	15,741
Matured Compensated Absences	38,721	0	38,721
<i>Total Current Liabilities</i>	114,998	195,500	310,498
Long Term Liabilities:			
Compensated Absences	37,645	0	37,645
<i>Total Liabilities</i>	152,643	195,500	348,143
Net Assets			
Invested in Capital Assets	136,727	0	136,727
Unrestricted (Deficit)	224,897	(146,166)	78,731
<i>Total Net Assets</i>	\$ 361,624	\$ (146,166)	\$ 215,458

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Operating Revenues:			
Tuition	\$ 987,174	\$ 0	\$ 987,174
Sales	60,801	282,512	343,313
Home Sale	0	163,823	163,823
<i>Total Operating Revenues</i>	<u>1,047,975</u>	<u>446,335</u>	<u>1,494,310</u>
Operating Expenses:			
Salaries	838,581	0	838,581
Fringe Benefits	325,748	92,254	418,002
Purchased Services	101,406	157,082	258,488
Materials and Supplies	99,384	193,931	293,315
Depreciation	7,192	0	7,192
Other Operating Expenses	8,008	13,280	21,288
<i>Total Operating Expenses</i>	<u>1,380,319</u>	<u>456,547</u>	<u>1,836,866</u>
Operating Loss	<u>(332,344)</u>	<u>(10,212)</u>	<u>(342,556)</u>
Non-Operating Revenues:			
Grants	302,445	0	302,445
<i>Total Non-Operating Revenues</i>	<u>302,445</u>	<u>0</u>	<u>302,445</u>
<i>Change in Net Assets</i>	(29,899)	(10,212)	(40,111)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>391,523</u>	<u>(135,954)</u>	<u>255,569</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 361,624</u>	<u>\$ (146,166)</u>	<u>\$ 215,458</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 1,047,975	\$ 446,335	\$ 1,494,310
Cash Paid for Goods and Services	(212,926)	(372,710)	(585,636)
Cash Paid to Employees	(1,164,123)	(92,254)	(1,256,377)
<i>Net Cash Used For Operating Activities</i>	<u>(329,074)</u>	<u>(18,629)</u>	<u>(347,703)</u>
Cash Flows From Non-Capital Financing Activities:			
Loans to Other Funds	0	(172,000)	(172,000)
Loans from Other Funds	0	190,000	190,000
Operating Grants Received	302,445	0	302,445
<i>Net Cash Provided By Non-Capital Financing Activities</i>	<u>302,445</u>	<u>18,000</u>	<u>320,445</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(26,629)	(629)	(27,258)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>404,169</u>	<u>33,640</u>	<u>437,809</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 377,540</u>	<u>\$ 33,011</u>	<u>\$ 410,551</u>
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:			
Operating Loss	\$ (332,344)	\$ (10,212)	\$ (342,556)
Adjustments:			
Depreciation	7,192	0	7,192
Decrease in Assets			
Inventory	0	(5,571)	(5,571)
Increase (Decrease) in Liabilities			
Accounts Payable	(4,128)	(2,846)	(6,974)
Accrued Wages and Benefits	(1,276)	0	(1,276)
Compensated Absences and Vacation Benefits Payable	1,156	0	1,156
Intergovernmental Payable	326	0	326
<i>Total Adjustments</i>	<u>3,270</u>	<u>(8,417)</u>	<u>(5,147)</u>
<i>Net Cash Used For Operating Activities</i>	<u>\$ (329,074)</u>	<u>\$ (18,629)</u>	<u>\$ (347,703)</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 57,729</u>
Liabilities	
Undistributed Monies	<u>\$ 57,729</u>

See accompanying notes to the basic financial statements.

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Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

Note 1 - Description of The School District

The Medina County Joint Vocational School District also known as the Medina County Career Center is a vocational high school and adult and continuing education center.

Joint Vocational School Districts were created by the legislature as one means by which a school district can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has six member districts. They are: Black River Local, Buckeye Local, Cloverleaf Local, Highland Local, Brunswick City Schools and Medina City Schools. Wadsworth City Schools, the other County school, elected to remain with a consortium to provide vocational education to its students.

The Medina County Career Center's Board of Education consists of nine board members. Each local school district is represented by one board member elected from the membership of their local board. Brunswick City is represented by three board members and Medina City is represented by two board members. Each year the member districts elect or assign a board member to represent their board on the vocational school's board of education.

Reporting Entity

The Medina County Joint Vocational School District (the School District) is a school district governed by an elected Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District.

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Lake Erie Educational Computer Association, the Ohio Schools' Council, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 9 and 14 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, to its governmental and business-type activities and enterprise funds provided they do not conflict with or contradict GASB

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

pronouncements. The School District has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989.

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. 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 School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial 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 School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds 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 balance. The following is the School District's major governmental fund:

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following are the School District's proprietary fund types:

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

Adult Education This fund accounts for transactions made in connection with adult education.

The other enterprise funds are considered non major, which account for vocational and uniform school supplies services.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds. The School District's agency funds account for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of 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 reports 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 statements for governmental funds.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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 a 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 School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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, 2007, but which were levied to finance fiscal year 2008 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.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Expenses/Expenditures On the accrual basis of accounting, 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.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2007, investments were limited to repurchase agreements and STAROhio, (the State Treasurer's Investment Pool).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$304,636, which includes \$4,630 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The School District has no restricted assets for 2007.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$12,000. 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 reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land and Construction in Progress	N/A	N/A
Buildings and Improvements	30 - 60 Years	30 - 60 Years
Furniture and Equipment	5 - 20 Years	N/A
Vehicles	8 - 15 Years	N/A
Infrastructure	20 Years	N/A

The School District's infrastructure consists of signs and street lights.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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 employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits 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 fiscal year.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are for instruction of students. At June 30, 2007, the School District had no assets restricted by enabling legislation.

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, inventory of materials and supplies, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult and vocational education classes, and sales of uniform school supplies. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are considered non operating.

O. Interfund Activity

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

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

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Medina County Budget Commission for rate determination.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or are less than current estimates. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2007.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. The legal level of control has been established by the Board of Education at the fund level for all funds. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statement reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

Note 3 – Fund Deficits

Fund balances at June 30, 2007 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Other Governmental Funds:	
Schoolnet Professional Development	\$ 300
Miscellaneous State Grants	163
Nonmajor Enterprise Fund:	
Vocational Rotary	165,449

The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the School 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 Balance - Budget (Non-GAAP Basis) and Actual, is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance

GAAP Basis	\$	141,654
Net Adjustment for Revenue Accruals		(323,684)
Advance In		206,250
Advance Out		(246,955)
Net Adjustment for Expenditure Accruals		503,061
Adjustment for Encumbrances		<u>(875,199)</u>
Budget Basis	\$	<u><u>(594,873)</u></u>

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies to 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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

- Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
 4. Bonds and other obligations of the State of Ohio;
 5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in these divisions are made only through eligible institutions;
 6. The State Treasurer's investment pool (STAROhio);
 7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
 8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$575,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Cash on Hand: At year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Deposits: The carrying value of the School District's deposits totaled \$9,801 and the bank balances of the deposits totaled \$255,398. \$100,000 of the bank balance was covered by federal depository insurance and \$155,398 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2007, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0 - 6
Repurchase Agreement	\$ 575,000	\$ 575,000
STAROhio	4,546,097	4,546,097
Totals	<u>\$ 5,121,097</u>	<u>\$ 5,121,097</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District's investments at June 30, 2007 in Star Ohio is rated AAAM by Standard & Poor's. For the repurchase agreement, underlying securities are exempt.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. More than 5% of the School District's investments are in the repurchase agreement and STAROhio which are 11% and 89%, respectively, of the School District's total investments, for the amounts listed above.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2007, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Medina, Lorain, and Summit Counties. The County Auditors and Fiscal Officers periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007 was \$809,387 and is recognized as revenue in the general fund.

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections Valuation	%	2007 First Half Collections Amount	%
Real Property				
Residential/Agricultural	\$ 2,917,445,410	78.23%	\$ 3,005,734,770	79.67%
Commerical/Industrial	553,899,020	14.85%	568,791,570	15.08%
Tangible Personal Property				
General	171,746,317	4.61%	113,320,541	3.00%
Public Utilities	<u>85,988,920</u>	<u>2.31%</u>	<u>84,918,170</u>	<u>2.25%</u>
Total Assessed Valuation	<u>\$ 3,729,079,667</u>	<u>100.00%</u>	<u>\$ 3,772,765,051</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$3.05	\$3.05
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Note 7 - Receivables

Receivables at June 30, 2007, consisted of taxes, accounts, interfund and intergovernmental grants. 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 fiscal year guarantee of federal funds.

Intergovernmental receivables consisted of \$105,047 in various special revenue funds for operating grants.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 794,096	\$ 0	\$ 0	\$ 794,096
Construction in Progress	0	121,133	0	121,133
Total Capital Assets, not being depreciated	794,096	121,133	0	915,229
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	10,569,776	491,465	0	11,061,241
Furniture and Equipment	1,194,257	12,940	0	1,207,197
Vehicles	229,988	0	0	229,988
Infrastructure	32,931	0	0	32,931
Total Capital Assets, being depreciated	12,026,952	504,405	0	12,531,357
Less Accumulated Depreciation:				
Buildings and Improvements	(4,311,018)	(206,025)	0	(4,517,043)
Furniture and Equipment	(818,735)	(41,870)	0	(860,605)
Vehicles	(167,950)	(13,592)	0	(181,542)
Infrastructure	(18,936)	(1,647)	0	(20,583)
Total Accumulated Depreciation	(5,316,639)	(263,134)	0	(5,579,773)
Total Capital Assets being depreciated, net	6,710,313	241,271	0	6,951,584
Governmental Activities Capital Assets, Net	<u>\$ 7,504,409</u>	<u>\$ 362,404</u>	<u>\$ 0</u>	<u>\$ 7,866,813</u>
Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Buildings	\$ 347,289	\$ 0	\$ 0	\$ 347,289
Total Capital Assets, being depreciated	347,289	0	0	347,289
Less Accumulated Depreciation:				
Buildings	(203,370)	(7,192)	0	(210,562)
Total Accumulated Depreciation	(203,370)	(7,192)	0	(210,562)
Total Capital Assets being depreciated, net	143,919	(7,192)	0	136,727
Business-Type Activities Capital Assets, Net	<u>\$ 143,919</u>	<u>\$ (7,192)</u>	<u>\$ 0</u>	<u>\$ 136,727</u>

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Depreciation expense was charged as follows:

Governmental Activities:	
Instruction:	
Regular	\$ 88,985
Special	10,319
Vocational	105,238
Support Services:	
Pupil	2,397
Instructional Staff	11,987
Administration	9,590
Fiscal	10,575
Operation and Maintenance of Plant	10,578
Pupil Transportation	8,671
Central	2,397
Operation of Non-Instructional Services	2,397
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Total Depreciation	\$ 263,134
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Business-Type Activities:	
Adult Education	\$ 7,192
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Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District through the Ohio Schools Council has a comprehensive property and casualty policy with Indiana Insurance and boiler coverage through Travelers Insurance. The deductible is \$5,000 per incident. Fleet coverage is provided by the Ohio School Plan and Hartford Reinsurance with a \$3,000,000 limit and a \$500 deductible. The School District has a liability policy through the Ohio School Plan and The Hartford Insurance Company with a \$3,000,000 limit. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no reduction in coverage from the prior year.

The Superintendent, Treasurer, Board President, and Board Vice President have surety bonds for \$20,000 each. These bonds are with the Travelers Casualty and Surety Company. Remaining employees are covered under a policy with the Ohio Casualty company to protect against theft.

B. Workers' Compensation

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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 Medical Benefits

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with Medical Mutual of Ohio to provide medical/surgical, dental, vision, and prescription drug benefits for its employees and their covered dependents. Monthly premium costs are shared by the School District and covered employees.

Note 10 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 320 days. Employees with five or more years of service are paid at various rates upon termination of employment.

Note 11- Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. 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, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under forms and publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 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 amounts, by the SERS Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$205,567, \$181,736 and \$172,836, respectively; 99% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 an 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions to the DB Plan for the fiscal years ended June 30, 2007, 2006 and 2005 were \$885,763, \$864,424 and \$836,013, respectively; 98% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$3,619 made by the School District and \$51,178 made by the plan members.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System of Ohio (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.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$68,136 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, the health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 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 2007, the minimum pay was established at \$35,800. 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. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, School District paid \$94,991 to fund health care benefits, including the surcharge.

Net health care costs for the year ending June 30, 2006 (the latest information available) were \$158,751,207. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million. The number of participants eligible to receive benefits is 59,492.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 13 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/06	Additions	Reductions	Outstanding 6/30/07	Amounts Due in One Year
Governmental Activities:					
Compensated Absences	\$ 1,354,551	\$ 21,495	\$ 165,925	\$ 1,210,121	\$ 199,970
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,354,551</u>	<u>\$ 21,495</u>	<u>\$ 165,925</u>	<u>\$ 1,210,121</u>	<u>\$ 199,970</u>
Business-Type Activities					
Compensated Absences	<u>\$ 75,768</u>	<u>\$ 598</u>	<u>\$ 38,721</u>	<u>\$ 37,645</u>	<u>\$ 0</u>

Note 14 - Jointly Governed Organizations

A. Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology to administrative and instructional functions among member districts. Each of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from LEECA's fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from LEECA's fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located. During the year ended June 30, 2007, the School District paid approximately \$18,894 to LEECA for basic services. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, LEECA's fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

B. Ohio Schools Council

The Ohio Schools' Council (OSC) is a jointly governed organization comprised of seventy-two school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service, and insurance. Each member provides operating resources to OSC via a monthly administrative fee and an actual usage charge, except for insurance.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. During the year ended June 30, 2007, the School District paid approximately \$45,470 to the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio.

Note 15 – Contingencies

The School 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 School District at June 30, 2007.

Note 16 - Interfund Balances

Interfund balances at June 30, 2007 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 246,955	\$ 0
Nonmajor Governmental Funds	0	56,955
Nonmajor Enterprise Funds	0	190,000
	<u>\$ 246,955</u>	<u>\$ 246,955</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund payables outstanding are anticipated to be repaid in fiscal year 2008.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 17 – Contractual Commitments

As of June 30, 2007, the School District had contractual purchase commitments for the following project:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 06/30/07</u>
Animal Care Building			
CCM Corporation	\$ 302,330	\$ 65,593	\$ 236,737
Sutter Electric	<u>67,400</u>	<u>26,370</u>	<u>41,030</u>
Totals	<u>\$ 369,730</u>	<u>\$ 91,963</u>	<u>\$ 277,767</u>

Note 18 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvement Reserve</u>	<u>Textbooks Instructional Materials Reserve</u>
Set-Aside Carryover Balance as of June 30, 2006	\$ 0	\$ (2,500,293)
Current Year Set-Aside Requirement	159,992	159,992
Qualifying Disbursements	<u>(740,978)</u>	<u>(1,061,121)</u>
Total	<u>\$ (580,986)</u>	<u>\$ (3,401,422)</u>
Balance Carried Forward to 2008	<u>\$ 0</u>	<u>\$ (3,401,422)</u>
Amount to Restrict for Set-Asides	<u>\$ 0</u>	<u>\$ 0</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the capital improvement reserve.

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**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct</i>				
Federal Pell Grant Program	84.063	N/A	\$ 150,260	\$ 150,260
<i>Passed through the Ohio Department of Education</i>				
Adult Education - State Grant Program	84.002	062109-ABS1-2006 062109-ABS1-2007	13,096 <u>44,611</u>	<u>71,618</u>
Total Adult Education - State Grant Program			57,707	71,618
Vocational Education - Basic Grants to States	84.048	062109-20C1-2006 062109-20C1-2007 062109-20C2-2006 062109-20C2-2007 20A5-2007	4,192 261,094 7,624 65,858 <u>1,000</u>	15,050 252,419 67,280 <u>7,074</u>
Total Vocational Education - Basic Grants to States			339,768	341,823
State Grants for Innovative Programs	84.298	062109-C2S1-2006 062109-C2S1-2007	2,045 <u>170</u>	<u>1,700</u>
Total State Grants for Innovative Programs			2,215	1,700
Safe and Drug-Free Schools and Communities State Grants	84.186	062109-DRS1-2006 062109-DRS1-2007	2,577 <u>227</u>	<u>2,271</u>
Total Safe and Drug-Free Schools and Communities State Grants			2,804	2,271
Improving Teacher Quality State Grants	84.367	062109-TRS1-2006 062109-TRS1-2007	386 <u>1,148</u>	<u>5,317</u>
Total Improving Teacher Quality State Grants			1,534	5,317
Total Passed through the Ohio Department of Education			<u>404,028</u>	<u>422,729</u>
Total U.S. Department of Education			<u>554,288</u>	<u>572,989</u>
Total			<u>\$ 554,288</u>	<u>\$ 572,989</u>

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

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: Finding Number 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain matters that we reported to the District's management in a separate letter dated January 18, 2008.

Compliance and Other Matters

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

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Board of Education, audit committee, and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 18, 2008



Mary Taylor, CPA

Auditor of State

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

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256

To the Board of Education:

Compliance

We have audited the compliance of Medina County Joint Vocational School District, Medina 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 apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 18, 2008

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education Basic Grants to States – CFDA 84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING 2007-001

Significant Deficiency

Capital Assets

Our testing of capital assets revealed the following:

- The Board has approved piecemeal policies concerning capital assets such as capitalization thresholds and useful life ranges. However, the District does not have a comprehensive policy for capital assets which includes depreciation methods and depreciation treatment for additions and deletions during the year.

FINDING 2007-001 (Continued)

The Board should approve a comprehensive capital asset policy. This policy should include, but not be limited to, capitalization thresholds, useful life ranges, depreciation methods and depreciation treatment for items obtained or disposed of during the year.

- The fiscal year 2006 parking lot improvement capital asset does not list original cost, useful life, or acquisition year on the depreciation schedule. This makes it difficult to determine if depreciation is calculated properly for this item. However, this information was included on the Treasurer's Capital Asset spreadsheet.

The District should ensure all pertinent information is documented for each capital asset on the depreciation schedule so management may determine if depreciation is properly calculated.

- An electrical system upgrade addition was listed with a fiscal year 2005 acquisition year on the depreciation schedule. It was depreciated for a full year even though it was not completed until January 2007. Conversely, another asset acquired in October 2006 was omitted from the depreciation schedule.

The District should apply depreciation methods consistently for all capital assets and a policy should be adopted.

- An asset purchased in June 2007 for \$25,445 was not included in the capital asset balance. (This was reported to management as an unadjusted item from our audit.) In addition, a similar asset was listed as a trade-in on the invoice for the new asset; however the old asset was never capitalized. This indicates a possible weakness in the asset identification procedures.

The District should record the \$25,445 capital asset for its 2008 financial statements. In addition, the District should periodically perform physical inventories of its existing capital assets to help ensure all items are identified and recorded.

- \$18,181 was paid for an overall security system. The District treated the purchase as separate components and did not capitalize the system.

The District should define in its Capital Asset policy what constitutes a single Capital Asset versus individual items for capitalization purposes and consistently apply this policy.

- The District capitalized \$491,465 for electrical system upgrades. No accumulated cost spreadsheets or other records were maintained with the GAAP conversion workpapers, only \$476,538 of the capitalized amount could be specifically identified in the District's ledger. The remainder related to engineering and other fees and was subsequently identified by the Treasurer.

The District should maintain cost accumulation spreadsheets or other records to document the total accumulated cost of its capital assets.

FINDING 2007-001 (Continued)

Officials' Response: The Treasurer will develop a Capital Asset policy for the Board to approve. All pertinent information related to the 2006 parking lot improvements are documented on the Treasurer's master Capital Asset listing and this information will be added to the depreciation schedule. The depreciation methodology for items obtained mid-year will be included with the Capital Asset policy and applied to the Electrical System Upgrade. The \$25,445 asset purchased in June 2007 was recorded in the Capital Asset software, but due to a glitch was not recognized with its proper value. The Treasurer will address this issue with the software vendor. The Treasurer does not believe the \$18,181 security system should be capitalized because it is pieces and parts of a system that moves due to need and some parts may be disposed of after only a few years. Additional documentation related to the electrical system upgrades was provided to the auditors.

FINDING 2007-002

Significant Deficiency

Budgetary Reports

Budgeted revenues posted to the District's computerized budgetary reports did not always agree to the District's Amended Certificate of Estimated Resources. The following variances were noted at fiscal year end:

Fund	Est. Revenue per Amended Certificates of Est. Resources	Est. Revenue per District Records	Variance
001 General Fund	\$15,281,914	\$15,330,522	\$(48,608)
018 Public School Support	28,000	28,677	(677)
413 Full Service Grant	21,316	22,960	(1,644)
439 Public Preschool	124,875	131,288	(6,413)
452 School Net	3,000	3,300	(300)
499 Misc. State Grants	10,500	14,000	(3,500)
501 Adult Basic Education	139,315	156,454	(17,139)
524 C.D. Perkins	356,532	368,397	(11,865)
573 Title V	3,746	5,276	(1,530)
584 Title IV	4,847	6,892	(2,045)
590 Title II	5,703	9,872	(4,169)
011 Rotary	432,873	435,479	(2,606)
012 Adult Education	1,339,000	1,373,957	(34,957)
007 Special Trust	26,556	28,060	(1,504)

FINDING 2007-002 (Continued)

In addition, appropriations posted to the District's computerized budgetary reports did not always agree to the District's actual Annual Appropriation Measure plus appropriation amendments. The following variances were noted at fiscal year end:

Fund	Approved Appropriations	Appropriations per District Records	Variance
001 General Fund	\$15,150,000	\$15,136,802	\$13,198
018 Public School Support	30,000	25,403	4,597
499 Misc. State Grants	11,300	10,100	1,200
524 C.D. Perkins	372,286	378,665	(6,379)
573 Title V	2,746	3,746	(1,000)
009 Uniform Supplies	204,702	204,606	96
011 Rotary	453,775	444,076	9,699
012 Adult Education	1,416,000	1,402,244	13,756
007 Special Trust	11,000	10,245	755

The District should periodically review the computerized budgetary reports to ensure estimated resource and appropriation amounts are posted accurately and timely. This will help the District better monitor its budget performance and compliance with budgetary laws and regulations.

A similar comment was reported in the 2006 audit's management letter.

Officials' Response: The Treasurer uses an excel spreadsheet to monitor the revenues and budget as a compliment to the computer system. He is aware that the (state software) computerized budget system is a good tool. Because of time constraints the Treasurer does not always get a chance to monitor and update the state software computerized system as much as he would like. He will try to be more consistent in updating the state software computerized system.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

MEDINA 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
MARCH 6, 2008**