

Lawrence County Joint Vocational School District

Lawrence County

Single Audit

July 1, 2008 through June 30, 2009

Fiscal Year Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639  
800 Gallia Street, Suite 38, Portsmouth, OH 45662 Phone: 740.876.9121 Fax: 800.210.2573





Mary Taylor, CPA  
Auditor of State

Board of Education  
Lawrence County Joint Vocational School District  
11627 State Route 243  
Chesapeake, Ohio 45619

We have reviewed the *Independent Auditor's Report* of the Lawrence County Joint Vocational School District, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence County Joint Vocational School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 1, 2010

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**Lawrence County Joint Vocational School District**  
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For the Fiscal Year Ended June 30, 2009

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### Independent Auditor's Report

Members of the Board  
Lawrence County Joint Vocational School District  
11627 State Route 243  
Chesapeake, Ohio 45619

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence County Joint Vocational School District (the School District), Lawrence County, Ohio, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 Comptroller General of the United States, *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

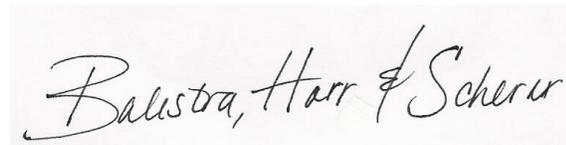
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, Adult Education Fund and Vocational Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board  
Lawrence County Joint Vocational School District  
Independent Auditor's Report  
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures 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 "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.  
July 30, 2010

## Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited*

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The discussion and analysis of the Lawrence County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

**Key financial highlights for the fiscal year 2009 are as follows:**

- Net assets of governmental activities increased \$1,242,792.
- General revenues accounted for 5,896,303 or 45% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$7,090,340 or 55% of total revenues of \$12,986,643.
- The School District had \$11,743,851 in expenses related to governmental activities; \$7,090,340 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$5,896,303 were adequate to provide for the rest of these programs.

### **Using this Annual Financial Report**

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

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 look as the School District's most significant funds with all other non-major funds presented in total in one column.

### ***Reporting the School District as a Whole***

#### *Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, 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 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Lawrence County Joint Vocational School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2009*

*Unaudited*

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These two statements report the School District's net assets and changes in those 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

***Fund Financial Statements***

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund, Adult Education Special Revenue Funds, Vocational Funds, and Permanent Improvement Capital Projects Fund.

***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 fiscal 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 governmental 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.

***Fiduciary Funds*** The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds.

**Lawrence County Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited*

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**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 2009 compared to 2008.

Table 1  
Net Assets

	Governmental Activities		
	2009	2008	Change
<b>Assets</b>			
Current and Other Assets	\$9,572,699	\$8,045,167	\$1,527,532
Capital Assets	2,839,324	2,842,412	(3,088)
Total Assets	<u>12,412,023</u>	<u>10,887,579</u>	<u>1,524,444</u>
<b>Liabilities</b>			
Long-term Liabilities	419,468	469,260	(49,792)
Other Liabilities	2,294,172	1,962,728	331,444
Total Liabilities	<u>2,713,640</u>	<u>2,431,988</u>	<u>281,652</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	2,810,268	2,738,939	71,329
Restricted	3,070,661	2,452,229	618,432
Unrestricted	<u>3,817,454</u>	<u>3,264,423</u>	<u>553,031</u>
Total Net Assets	<u>\$9,698,383</u>	<u>\$8,455,591</u>	<u>\$1,242,792</u>

Total assets increased \$1,524,444 due mainly to an increase in revenue generated by the School District's new vocational programs, as well as new grants received in fiscal year 2009. Total liabilities increased primarily due to an increase in Deferred Revenue.

**Lawrence County Joint Vocational School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2009*

*Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

Table 2  
Changes in Net Assets

	Governmental Activities		
	2009	2008	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$2,276,964	\$2,293,558	(\$16,594)
Operating Grants, Contributions and Interest	4,813,376	4,166,068	647,308
Total Program Revenues	7,090,340	6,459,626	630,714
General Revenues			
Property Taxes	1,821,566	1,938,681	(117,115)
Grants and Entitlements	3,446,688	3,024,719	421,969
Payment in Lieu of Taxes	30,720	0	30,720
Investment Earnings	294,396	360,572	(66,176)
Miscellaneous	302,933	201,895	101,038
Total General Revenues	5,896,303	5,525,867	370,436
Total Revenues	12,986,643	11,985,493	1,001,150
<b>Program Expenses</b>			
Instruction:			
Regular	308,068	221,580	86,488
Vocational	5,028,898	5,006,089	22,809
Adult/Continuing	1,714,799	1,727,330	(12,531)
Support Services:			
Pupils	630,364	259,308	371,056
Instructional Staff	117,156	170,590	(53,434)
Board of Education	44,321	28,363	15,958
Administration	1,109,178	1,437,673	(328,495)
Fiscal	488,747	432,621	56,126
Operation and Maintenance of Plant	710,906	797,532	(86,626)
Central	454,781	498,079	(43,298)
Operation of Non-Instructional Services:			
Food Service Operations	282,183	297,361	(15,178)
Community Services	790,326	872,257	(81,931)
Extracurricular Activities	59,438	28,382	31,056
Interest and Fiscal Charges	4,686	5,145	(459)
Total Expenses	11,743,851	11,782,310	(38,459)
Increase in Net Assets	1,242,792	203,183	1,039,609
Net Assets Beginning of Year	8,455,591	8,252,408	203,183
Net Assets End of Year	\$9,698,383	\$8,455,591	\$1,242,792

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. The increases in expenses are due to employees receiving a pay increase based on the adjustment of the School District's pay index for fiscal year 2009.

**Lawrence County Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited*

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
<b>Program Expenses</b>				
Instruction:				
Regular	\$308,068	\$18,344	\$221,580	\$48,036
Vocational	5,028,898	2,893,018	5,006,089	2,968,065
Adult/Continuing	1,714,799	(1,018,609)	1,727,330	(832,045)
Support Services:				
Pupils	630,364	236,231	259,308	79,354
Instructional Staff	117,156	15,958	170,590	69,013
Board of Education	44,321	44,321	28,363	28,363
Administration	1,109,178	918,097	1,437,673	1,279,235
Fiscal	488,747	450,494	432,621	415,471
Operation and Maintenance of Plant	710,906	681,971	797,532	774,535
Central	454,781	302,894	498,079	381,324
Operation of Non-Instructional Services:				
Food Service Operations	282,183	46,236	297,361	89,846
Community Services	790,326	15,840	872,257	6,234
Extracurricular Activities	59,438	44,030	28,382	10,108
Interest and Fiscal Charges	4,686	4,686	5,145	5,145
<b>Total</b>	<b>\$11,743,851</b>	<b>\$4,653,511</b>	<b>\$11,782,310</b>	<b>\$5,322,684</b>

58% of vocational instruction activities are supported through taxes and other general revenues. On the other hand, adult/continuing instruction activities generated \$1,018,609.

**The School District Funds**

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,748,847 and expenditures of \$11,806,257.

*General Fund* – The General Fund is the primary operating fund of the School District. At the end of 2009, unreserved fund balance was \$3,652,994, while total fund balance was \$4,078,726. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 56 percent of total General Fund expenditures, while total fund balance represents 62 percent of General Fund Expenditures. The fund balance of the School District's General Fund increased \$282,268 during the current fiscal year.

**Lawrence County Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited*

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*Other Major Governmental Funds*

*Adult Education Fund* – The fund balance of the Adult Education Fund at June 30, 2009, is \$486,066, an increase of \$482,350 from the prior year. This increase is due to the District offering new programs, which are starting to recoup startup costs through student fees.

*Vocational Fund* – The fund balance of the Vocational Fund at June 30, 2009 is (\$353,428), a decrease of \$323,363 from the prior year. This decrease is due to State funding receivable being received outside the available period, resulting in a deferral of 2009 revenue.

*Permanent Improvement Fund* – The fund balance of the Permanent Improvement Fund at June 30, 2009, is \$2,909,532, an increase of \$622,030. This increase is due mainly to conservative spending in order to keep revenues greater than expenditures. This “saving for a rainy day” will enable the School District to better afford capital improvements in the future.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2009, the School District amended its budget due to initially conservative budgeting practices.

The School District’s ending unobligated General Fund balance was \$3,133,344.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2009, the School District had \$2,839,324 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$174,360	\$174,360
Land Improvements	53,871	59,374
Buildings and Improvements	1,692,148	1,786,470
Furniture and Equipment	897,269	795,601
Vehicles	21,676	26,607
Totals	<u>\$2,839,324</u>	<u>\$2,842,412</u>

See Note 8 for more information on Capital Assets.

**Lawrence County Joint Vocational School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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***Debt***

At June 30, 2009, the School District had the following debt outstanding:

Table 5  
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Capital Improvement Note	<u>29,056</u>	<u>103,473</u>
Total	<u>\$29,056</u>	<u>\$103,473</u>

See Notes 13 for more information on debt.

**Economic Factors**

As the preceding information shows, the School District depends on the State School Foundation Program. The Lawrence County Joint Vocational School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and 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 Richard Sketel, Treasurer at Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

**Lawrence County Joint Vocational School District, Ohio**  
*Statement of Net Assets*  
*June 30, 2009*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,475,301
Intergovernmental Receivable	1,058,864
Materials and Supplies Inventory	2,339
Property Taxes Receivable	2,036,195
Nondepreciable Capital Assets	174,360
Depreciable Capital Assets, Net	2,664,964
<i>Total Assets</i>	<i>12,412,023</i>
<b>Liabilities</b>	
Accounts Payable	77,980
Accrued Wages and Benefits Payable	340,876
Accrued Interest Payable	333
Vacation Benefits Payable	235,737
Deferred Revenue	1,554,033
Intergovernmental Payable	85,213
Long-Term Liabilities:	
Due within One Year	29,056
Due in More than One Year	390,412
<i>Total Liabilities</i>	<i>2,713,640</i>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,810,268
Restricted for:	
Capital Projects	2,684,096
Other Purposes	386,565
Unrestricted	3,817,454
<i>Total Net Assets</i>	<i>\$9,698,383</i>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2009*

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
<b>Governmental Activities</b>				
Instruction:				
Regular	\$308,068	\$0	\$289,724	(\$18,344)
Vocational	5,028,898	24,683	2,111,197	(2,893,018)
Adult/Continuing	1,714,799	2,115,724	617,684	1,018,609
Support Services:				
Pupils	630,364	0	394,133	(236,231)
Instructional Staff	117,156	0	101,198	(15,958)
Board of Education	44,321	0	0	(44,321)
Administration	1,109,178	0	191,081	(918,097)
Fiscal	488,747	0	38,253	(450,494)
Operation and Maintenance of Plant	710,906	0	28,935	(681,971)
Central	454,781	0	151,887	(302,894)
Operation of Non-Instructional Services:				
Food Service Operations	282,183	121,149	114,798	(46,236)
Community Services	790,326	0	774,486	(15,840)
Extracurricular Activities	59,438	15,408	0	(44,030)
Interest and Fiscal Charges	4,686	0	0	(4,686)
<b>Totals</b>	<b>\$11,743,851</b>	<b>\$2,276,964</b>	<b>\$4,813,376</b>	<b>(4,653,511)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				1,583,554
Capital Outlay				238,012
Grants and Entitlements not Restricted to Specific Programs				3,446,688
Payment in Lieu of Taxes				30,720
Investment Earnings				294,396
Miscellaneous				302,933
<b>Total General Revenues</b>				<b>5,896,303</b>
<b>Change in Net Assets</b>				<b>1,242,792</b>
<b>Net Assets Beginning of Year</b>				<b>8,455,591</b>
<b>Net Assets End of Year</b>				<b>\$9,698,383</b>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2009*

	General	Adult Education	Vocational Funds	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$3,080,367	\$331,674	\$0	\$2,880,558	\$182,702	\$6,475,301
Receivables:						
Property Taxes	1,780,847	0	0	255,348	0	2,036,195
Intergovernmental	0	456,085	523,474	0	79,305	1,058,864
Interfund	1,128,587	0	0	0	0	1,128,587
Materials and Supplies Inventory	0	0	0	0	2,339	2,339
<i>Total Assets</i>	<u>\$5,989,801</u>	<u>\$787,759</u>	<u>\$523,474</u>	<u>\$3,135,906</u>	<u>\$264,346</u>	<u>\$10,701,286</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$28,064	\$22,630	\$0	\$0	\$27,286	\$77,980
Accrued Wages and Benefits Payable	299,208	15,587	16,094	0	9,987	340,876
Interfund Payable	0	229,060	540,706	0	358,821	1,128,587
Deferred Revenue	1,557,865	0	318,100	226,383	20,700	2,123,048
Intergovernmental Payable	25,929	34,416	2,002	0	22,866	85,213
<i>Total Liabilities</i>	<u>1,911,066</u>	<u>301,693</u>	<u>876,902</u>	<u>226,383</u>	<u>439,660</u>	<u>3,755,704</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	202,759	148,219	0	6,203	15,040	372,221
Reserved for Property Taxes	222,973	0	0	28,974	0	251,947
Unreserved, Undesignated, Reported in:						
General Fund	3,653,003	0	0	0	0	3,653,003
Special Revenue Funds (Deficits)	0	337,847	(353,428)	0	(107,252)	(122,833)
Debt Service Fund (Deficit)	0	0	0	0	(83,102)	(83,102)
Capital Projects Funds	0	0	0	2,874,346	0	2,874,346
<i>Total Fund Balances (Deficit)</i>	<u>4,078,735</u>	<u>486,066</u>	<u>(353,428)</u>	<u>2,909,523</u>	<u>(175,314)</u>	<u>6,945,582</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,989,801</u>	<u>\$787,759</u>	<u>\$523,474</u>	<u>\$3,135,906</u>	<u>\$264,346</u>	<u>\$10,701,286</u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2009*

<b>Total Governmental Fund Balances</b>		<b>\$6,945,582</b>
 <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.		2,839,324
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	230,215	
Grants	<u>338,800</u>	569,015
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.		(235,737)
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(333)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Improvement Notes Payable	(29,056)	
Sick Leave Benefits Payable	<u>(390,412)</u>	<u>(419,468)</u>
Net Assets of Governmental Activities		<u><u>\$9,698,383</u></u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**  
*Combined Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Adult Education	Vocational Funds	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,449,607	\$0	\$0	\$352,729	\$0	\$1,802,336
Intergovernmental	5,255,025	1,112,642	261,507	32,759	1,379,565	8,041,498
Payment in Lieu of Taxes	30,720	0	0	0	0	30,720
Investment Earnings	0	0	0	294,396	0	294,396
Tuition and Fees	24,683	1,867,552	0	0	0	1,892,235
Charges for Services	15,408	248,172	0	0	121,149	384,729
Miscellaneous	178,827	97,633	0	0	26,473	302,933
<i>Total Revenues</i>	<u>6,954,270</u>	<u>3,325,999</u>	<u>261,507</u>	<u>679,884</u>	<u>1,527,187</u>	<u>12,748,847</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	0	0	0	0	333,467	333,467
Vocational	4,611,082	0	184,162	41,080	118,462	4,954,786
Adult/Continuing	7,930	1,759,456	0	0	2,039	1,769,425
Support Services:						
Pupils	230,101	107	399,772	0	0	629,980
Instructional Staff	17,250	285	0	0	100,898	118,433
Board of Education	42,290	0	0	0	0	42,290
Administration	547,047	539,279	936	0	12,478	1,099,740
Fiscal	329,851	102,745	0	7,268	56,928	496,792
Operation and Maintenance of Plant	620,481	69,100	0	9,506	9,593	708,680
Central	66,510	372,677	0	0	0	439,187
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	283,757	283,757
Community Services	0	0	0	0	790,326	790,326
Extracurricular Activities	59,438	0	0	0	0	59,438
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	74,417	74,417
Interest and Fiscal Charges	0	0	0	0	5,539	5,539
<i>Total Expenditures</i>	<u>6,531,980</u>	<u>2,843,649</u>	<u>584,870</u>	<u>57,854</u>	<u>1,787,904</u>	<u>11,806,257</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>422,290</u>	<u>482,350</u>	<u>(323,363)</u>	<u>622,030</u>	<u>(260,717)</u>	<u>942,590</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	140,022	140,022
Transfers Out	(140,022)	0	0	0	0	(140,022)
<i>Total Other Financing Sources (Uses)</i>	<u>(140,022)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>140,022</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>282,268</u>	<u>482,350</u>	<u>(323,363)</u>	<u>622,030</u>	<u>(120,695)</u>	<u>942,590</u>
<i>Fund Balances(Deficit) Beginning of Year</i>	<u>3,796,467</u>	<u>3,716</u>	<u>(30,065)</u>	<u>2,287,493</u>	<u>(54,619)</u>	<u>6,002,992</u>
<i>Fund Balances(Deficit) End of Year</i>	<u>\$4,078,735</u>	<u>\$486,066</u>	<u>(\$353,428)</u>	<u>\$2,909,523</u>	<u>(\$175,314)</u>	<u>\$6,945,582</u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2009*

**Net Change in Fund Balances - Total Governmental Funds** \$942,590

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Asset Additions	268,143	
Depreciation Expense	<u>(271,231)</u>	(3,088)

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

Grants	20,984	
Delinquent Taxes	<u>216,812</u>	237,796

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

Capital Improvement Note		74,417
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.

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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	14,849	
Sick Leave Benefits Payable	<u>(24,625)</u>	<u>(9,776)</u>

*Change in Net Assets of Governmental Activities*

\$1,242,792

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,402,060	\$1,532,705	\$1,416,785	(\$115,920)
Intergovernmental	4,752,129	5,309,974	5,287,269	(22,705)
Tuition and Fees	19,365	24,683	24,683	0
Charges for Services	16,162	15,408	15,408	0
Miscellaneous	20,000	515,216	178,827	(336,389)
<i>Total Revenues</i>	<u>6,209,716</u>	<u>7,397,986</u>	<u>6,922,972</u>	<u>(475,014)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational	4,303,525	4,821,104	4,767,825	53,279
Adult/Continuing	0	7,930	7,930	0
Support Services:				
Pupils	77,401	284,554	234,869	49,685
Instructional Staff	51,504	30,801	30,801	0
Board of Education	9,250	39,744	39,250	494
Administration	962,887	560,512	558,080	2,432
Fiscal	164,664	364,839	329,975	34,864
Operation and Maintenance of Plant	447,719	709,290	636,583	72,707
Central	36,174	103,938	74,862	29,076
Extracurricular Activities	117	59,592	59,555	37
<i>Total Expenditures</i>	<u>6,053,241</u>	<u>6,982,304</u>	<u>6,739,730</u>	<u>242,574</u>
<i>Excess of Revenues Under Expenditures</i>	<u>156,475</u>	<u>415,682</u>	<u>183,242</u>	<u>(232,440)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	(834,428)	(834,428)	0
Transfers Out	(600,000)	(140,022)	(140,022)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(600,000)</u>	<u>(974,450)</u>	<u>(974,450)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(443,525)</u>	<u>(558,768)</u>	<u>(791,208)</u>	<u>(232,440)</u>
<i>Fund Balance Beginning of Year</i>	3,814,638	3,814,638	3,814,638	0
Prior Year Encumbrances Appropriated	109,914	109,914	109,914	0
<i>Fund Balance End of Year</i>	<u>\$3,481,027</u>	<u>\$3,365,784</u>	<u>\$3,133,344</u>	<u>(\$232,440)</u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*Adult Education Fund*

*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$701,560	\$622,237	\$656,557	\$34,320
Tuition and Fees	1,808,549	1,867,552	1,867,552	0
Charges for Services	5,398	5,398	248,172	242,774
Miscellaneous	530,669	313,761	97,633	(216,128)
<i>Total Revenues</i>	<u>3,046,176</u>	<u>2,808,948</u>	<u>2,869,914</u>	<u>60,966</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational	5,358	5,358	5,358	0
Adult/Continuing	1,487,181	1,900,519	1,884,721	15,798
Support Services:				
Pupil	315	117	107	10
Instructional Staff	0	285	285	0
Administration	472,996	594,217	518,693	75,524
Fiscal	96,487	102,677	102,656	21
Operation and Maintenance of Plant	36,300	75,438	69,175	6,263
Central	418,401	402,930	383,497	19,433
<i>Total Expenditures</i>	<u>2,517,038</u>	<u>3,081,541</u>	<u>2,964,492</u>	<u>117,049</u>
<i>Excess of Revenues Over Expenditures</i>	529,138	(272,593)	(94,578)	178,015
<b>Other Financing Uses</b>				
Advances In	0	229,060	229,060	0
<i>Net Change in Fund Balance</i>	529,138	(43,533)	134,482	178,015
<i>Fund Balance Beginning of Year</i>	3,164	3,164	3,164	0
Prior Year Encumbrances Appropriated	42,241	42,241	42,241	0
<i>Fund Balance End of Year</i>	<u>\$574,543</u>	<u>\$1,872</u>	<u>\$179,887</u>	<u>\$178,015</u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*Vocational Funds*

*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$594,333	\$57,906	\$57,906	\$0
<i>Total Revenues</i>	<u>594,333</u>	<u>57,906</u>	<u>57,906</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational	247,685	165,102	182,757	(17,655)
Support Services:				
Pupil	<u>301,510</u>	<u>225,575</u>	<u>399,772</u>	<u>(174,197)</u>
<i>Total Expenditures</i>	<u>549,195</u>	<u>390,677</u>	<u>582,529</u>	<u>(191,852)</u>
<i>Excess of Revenues Over Expenditures</i>	45,138	(332,771)	(524,623)	(191,852)
<b>Other Financing Uses</b>				
Advances In	<u>0</u>	<u>348,855</u>	<u>348,855</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	45,138	16,084	(175,768)	(191,852)
<i>Fund Balance Beginning of Year</i>	<u>(16,083)</u>	<u>(16,083)</u>	<u>(16,083)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$29,055</u>	<u>\$1</u>	<u>(\$191,851)</u>	<u>(\$191,852)</u>

See accompanying notes to the basic financial statements

**Lawrence County Joint Vocational School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2009*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$23,021</u></u>
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**Liabilities**

Undistributed Monies	<u><u>\$23,021</u></u>
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See accompanying notes to the basic financial statements

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **Note 1 - Description of the School District and Reporting Entity**

The Lawrence County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two members of the Lawrence County Educational Service Center Board of Education, two members from the Ironton City School District Board of Education, and one member from the Chesapeake Union Exempted Village School District Board of Education, which possesses its own budgeting and taxing authority. The School District exposes students to job training, leading to employment upon graduation from high school.

The School District is staffed by 41 classified employees, 97 certificated full-time teaching personnel, and 11 administrative employees who provide services to 554 students and other community members. The School District currently operates one instructional building.

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

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

The School District participates in four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. The jointly governed organizations are the South Central Ohio Computer Association and the Coalition of Rural and Appalachian Schools. The insurance purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Lawrence County Schools Insurance Purchasing Consortium. These organizations are presented in Notes 15 and 16 to the basic financial statements.

### **Note 2 - Summary of Significant Accounting Policies**

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

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **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 stand-alone government, except for the fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

**Fund Financial Statements** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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 fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds used by this School District: governmental 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 are the School District's major governmental funds:

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**General Fund** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Adult Education Fund** The Adult Education Special Revenue Fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries, and textbooks.

**Vocational Fund** The Vocational Special Revenue Fund is used to account for transactions made in connection with high school drop-out prevention/recovery and the Seniors to Sophomores grant. Receipts consist of grant proceeds. Expenditures were limited to purchased services and supplies.

**Permanent Improvement Fund** The Permanent Improvement Capital Projects Fund is used to account for all transactions related to the acquiring, constructing, or improving such permanent improvements as are authorized by Chapter 5705, Revised Code.

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

**Fiduciary Fund Types** Fiduciary fund reporting focuses on net assets and changes in net assets. The 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, which account for student activities and Federal student loans administered by the School District.

### **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. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances 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.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### ***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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified 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. Measurable means the amount of the transaction can be determined. 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 fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, 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 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, investment earnings, tuition, grants, 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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** On the accrual basis 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.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### ***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2009, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. The School District Board of Education has allocated interest earned on interim funds to the Permanent Improvement Fund. Interest revenue credited to the Permanent Improvement Fund during fiscal year 2009 amounted to \$294,396, including \$95,526 allocated from other funds.

### ***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

### ***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food.

### ***H. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Improvements	30-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, as the balances are usually used by employees within the calendar year earned. At the employee's request, any carry-over may be paid to the employees each year, or carried over and paid upon termination, up to an amount equal to the last three year's accrual.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee will be paid.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions 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. Notes and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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***K. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

***L. Fund Balance Reserves***

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

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

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. The government-wide statement of net assets reports \$3,070,661 of restricted net assets. Of the restricted net assets, none have resulted from 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. The School District has none.

***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### ***O. 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.

### ***P. Budgetary Process***

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the School District Board of Education. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**Note 3 - Accountability and Compliance**

***Fund Deficits***

The following funds had deficit fund balances as of June 30, 2009:

Fund Type/Fund	Deficit
Special Revenue:	
Food Service	\$14,180
Career Development	17,296
Miscellaneous State Grants	134,073
Vocational Funds	353,428
Pell Grant	21,797
Miscellaneous Federal Grants	36,759
Debt Service:	
Bond Retirement	83,102

The General Fund is liable for the deficits in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

The District has expenditures that exceeded appropriations in the Vocational Funds contrary to Ohio Revised Code Section 5705.41(B)

The District did not submit their data collection form and reporting package in accordance with Circular A-133 and Title 31 of the United States Code

**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 Balances - Budget and Actual (Budget Basis) presented for the General Fund and Adult Education Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

## Lawrence County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education Special Revenue Fund.

### Net Change in Fund Balance

	General	Adult Education	Vocational Education
GAAP Basis	\$282,268	\$482,350	(\$323,363)
Revenue Accruals	(31,289)	(456,085)	(203,601)
Expenditure Accruals	(4,991)	27,376	2,341
Advances In	0	229,060	348,855
Advances Out	(834,428)	0	0
Encumbrances	(202,768)	(148,219)	0
Budget Basis	<u>(\$791,208)</u>	<u>\$134,482</u>	<u>(\$175,768)</u>

### **Note 5 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### ***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$6,343,367 of the School District's bank balance of \$6,593,367 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

### **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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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 2008 (other than public utility property tax) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value listed as of December 31, 2008. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory was 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. This year, however, the settlement was not received until July.

The School District receives property taxes from Lawrence and Gallia Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 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, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late personal property tax settlement and 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, 2009, was \$221,975 in the General Fund and \$28,766 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2008, was \$184,701 in the General Fund and \$24,456 in the Permanent Improvements Capital Projects Fund. The late personal property tax settlement amounted to \$998 in the General Fund and \$208 in the Permanent Improvement Capital Projects 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.



**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$174,360	\$0	\$0	\$174,360
Depreciable Capital Assets:				
Land Improvements	655,896	0	0	655,896
Buildings and Improvements	6,465,653	2,217	0	6,467,870
Furniture and Equipment	1,969,396	265,026	0	2,234,422
Vehicles	210,604	900	0	211,504
Total Capital Assets being Depreciated	<u>9,301,549</u>	<u>268,143</u>	<u>0</u>	<u>9,569,692</u>
Less Accumulated Depreciation				
Land Improvements	(596,522)	(5,503)	0	(602,025)
Buildings and Improvements	(4,679,183)	(96,539)	0	(4,775,722)
Furniture and Equipment	(1,173,795)	(163,358)	0	(1,337,153)
Vehicles	(183,997)	(5,831)	0	(189,828)
Total Accumulated Depreciation	<u>(6,633,497)</u>	<u>(271,231)</u>	<u>0</u>	<u>(6,904,728)</u>
Total Capital Assets being Depreciated, Net	<u>2,668,052</u>	<u>(3,088)</u>	<u>0</u>	<u>2,664,964</u>
Capital Assets, Net	<u>\$2,842,412</u>	<u>(\$3,088)</u>	<u>\$0</u>	<u>\$2,839,324</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,522
Vocational	230,761
Adult Education	17,881
Support Services:	
Board of Education	2,031
Administration	7,889
Fiscal	690
Operation and Maintenance of Plant	3,385
Central	4,491
Operation of Non-Instructional Services:	
Food Service Operations	2,581
Total Depreciation Expense	<u>\$271,231</u>

**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 contracted with Trident Risk Control Services for automobile and property coverage and commercial umbrella liability coverage for the period July 1, 2008 through June 30, 2009.

## Lawrence County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

The types and amounts of coverage are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Damage to Rented Premises	100,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	3,000,000
Personal Injury	1,000,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000
Building and Business Personal Property Coverage (\$1,000 deductible)	20,718,590
Automobile Liability (\$1,000 deductible for buses; \$500 for other)	1,000,000

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

### ***B. Worker's Compensation***

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). 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. 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.

## **Note 10 - Employee Benefits**

### ***A. Compensated Absences***

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

Non-teaching employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Administrative personnel earn twenty days of vacation per fiscal year. Maximum days accrued shall not exceed 60 days. Accumulated, unused vacation time is paid to non-teaching employees and administrative personnel upon termination of employment not to exceed the amount accrued within three years before the date of separation. Teaching employees, part-time employees and employees employed for less than 12 months do not earn vacation time.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Teaching employees, administrative personnel and non-teaching employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulates to a maximum of 250 days for administrative personnel and non-teaching employees and accumulates to a maximum of 295 days for teaching employees. Teaching employees upon retirement who have taught 10 or more years in the Lawrence County Joint Vocational School District are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Administrative personnel and non-teaching employees are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Teaching employees, administrative personnel and non-teaching employees who have been employed in the School District for 10 years or more, upon retirement, and have accrued unused sick leave credit of 200 days or more shall be paid an attendance bonus of an additional 10 days above the maximum of 50 days and shall receive an extra bonus of one additional day for each year of service after the tenth year of service.

### ***B. Life Insurance and Health Care Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to all classified and administrative employees through the Life Insurance Company of North America in the amount of \$35,000.

Health insurance is provided by United Health Care Insurance. Premiums for this coverage are \$1,682.01 for family coverage and \$680.97 for single coverage per month. The School District pays 81.9% of the family coverage premium and 95% of the single coverage premium for administrators, adult education teachers, and non-certified staff. The School District pays 64% of the family coverage premium and 100% of the single coverage premium for vocational teachers.

Vision insurance is provided by Medical Benefits Mutual. Premiums for this coverage are \$10.76 single and \$27.72 family coverage per month. The School District pays 100% of the premium for single plans and 38.9% of the premium for family plans.

Dental insurance is provided by Medical Benefits Mutual. Premiums for this coverage are \$23.54 single and \$77.63 family coverage per month. The School District pays 100% of the premium for single plans and 30.03% of the premium for family plans.

## **NOTE 11 - DEFINED BENEFIT PENSION PLANS**

### ***A. School Employee Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Funding Policy - 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 obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$86,824, \$84,955, and \$79,253 respectively; 100 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

### **B. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Funding Policy - For the fiscal year ended June 30, 2009, 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. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. 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 for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$681,203, \$594,237, and \$581,114 respectively; 100 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$24,091 made by the School District and \$34,769 made by the plan members.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

### **NOTE 12 - POSTEMPLOYMENT BENEFITS**

#### **A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$53,144, \$54,138, and \$43,789 respectively; 69.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District’s contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$9,093, \$6,121, and \$5,389 respectively; 64.05 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$52,400, \$45,711, and \$43,345 respectively; 100 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 13 - Long-Term Obligations**

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

	Principal Outstanding 6/30/2008	Additions	Reductions	Principal Outstanding 6/30/2009	Amounts Due in One Year
<b>Governmental Activities</b>					
Capital Improvement Note, 2000-5.50%	\$103,473	\$0	\$74,417	\$29,056	\$29,056
Sick Leave Benefits	365,787	24,625	0	390,412	0
Total Governmental Activities					
Long-Term Liabilities	\$469,260	\$24,625	\$74,417	\$419,468	\$29,056

Sick leave benefits will be paid from the funds from which the employees’ salaries are paid, which are the General Fund and the Food Service and Adult Education Special Revenue Funds.

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

The capital improvement note was originally issued in the amount of \$472,471 and proceeds were used for improvements to the School District's heating and cooling systems. The note will be paid from the Debt Service Fund and is backed by the full faith and credit of the Lawrence County Joint Vocational School District. Principal and interest requirements to retire the note outstanding at June 30, 2009, are as follows:

Fiscal Year	Principal	Interest	Total
<u>Ending June 30,</u> 2010	<u>\$29,056</u>	<u>\$2,063</u>	<u>\$31,119</u>

The overall debt margin of the School District as of June 30, 2009, was \$69,987,427, with an unvoted debt margin of \$748,905.

**Note 14 - Transfers and Interfund Balances**

During fiscal year 2009, the General Fund transferred \$140,022 to other non-major governmental funds to subsidize various programs in other funds.

Interfund receivables and payables at June 30, 2009, consist of the following individual balances, representing monies advanced to funds to be repaid when grant funds or other program revenues are received, and for services rendered by one fund for another:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$1,128,587	\$0
Special Revenue Funds:		
Food Service	0	2,573
ABLE	0	46,491
Career Development	0	23,048
Miscellaneous State Grants	0	144,960
Adult Education	0	229,060
Vocational Education	0	540,706
Post-Secondary Vocational	0	16,200
Pell Grant	0	22,136
Miscellaneous Federal Grants	0	20,311
Total Special Revenue Funds	<u>0</u>	<u>1,045,485</u>
Debt Service Fund:		
Bond Retirement Fund	0	83,102
Total All Funds	<u>\$1,128,587</u>	<u>\$1,128,587</u>

## Lawrence County Joint Vocational School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **Note 15 - Jointly Governed Organizations**

**South Central Ohio Computer Association (SCOCA)** is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. Revenues are generated from an annual fee of \$2.00 per student to participating districts, State funding, and charges for additional services to participating districts. Lawrence County Joint Vocational School District paid \$19,904 for services provided during fiscal year 2008. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One member is elected and one is appointed from each of the seven regions into which the 29 Appalachian counties are divided. Three members are from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2009. Financial information can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

### **Note 16 - Insurance Purchasing Pools**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

## Lawrence County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, an insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

### Note 17 - Set Asides

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2008	\$0	\$0
Current Year Set-Aside Requirement	84,739	84,739
Prior Year's Carry Over	(1,691,436)	0
Current Year Offsets	0	(86,062)
Qualifying Disbursements	(111,399)	(68,481)
Totals	<u>(\$1,718,096)</u>	<u>(\$69,804)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,718,096)</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2009	<u>\$0</u>	<u>\$0</u>

The School District had qualifying expenditures and offsets during the fiscal year that reduced the textbook and capital improvement set-aside amounts below zero. The extra amounts in the textbooks set-aside may be used to reduce the set-aside requirements of future years. The extra amounts in the capital improvements set-aside may not.

**Lawrence County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**Note 18 - Contingencies**

***A. Grants***

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 are 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, 2009.

***B. Litigation***

The School District is currently not a party to any legal proceedings.

**Lawrence County Joint Vocational School District**  
*Schedule of Federal Awards Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2009*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster</i>						
School Breakfast Program	05PU	10.553	24,851	-	24,851	-
National School Lunch Program	LLP4	10.555	78,028	8,372	78,028	8,372
<i>Total Nutrition Cluster</i>			102,879	8,372	102,879	8,372
<b>Total United States Department of Agriculture</b>			102,879	8,372	102,879	8,372
<b>United States Department of Education</b>						
<i>Direct from the Federal Agency</i>						
<i>Student Financial Aid Cluster</i>						
Federal Family Education Loans	N	84.032	-	1,058,980	-	1,058,980
Pell Grants	N	84.063	769,330	-	769,330	-
<i>Total Student Financial Aid Cluster</i>			769,330	1,058,980	769,330	1,058,980
Rural Education	N	84.358	69,242		73,311	
<i>Passed through Ohio Department of Education</i>						
Vocational Education Basic Grants to States	20C1/20C2	84.048	57,906	-	582,532	-
Safe & Drug Free Schools	DRS1	84.186	1,295	-	-	-
Adult and Community Education	ABS1	84.002	149,724	-	203,581	-
Title II-A Improving Teacher Quality	TRS1	84.367	2,987	-	3,319	-
Innovative Education Program Strategy	C2S1	84.298	1,620	-	1,727	-
<b>Total United States Department of Education</b>			1,052,104	1,058,980	1,633,800	1,058,980
<b>Total Federal Financial Assistance</b>			<b>\$ 1,154,983</b>	<b>\$ 1,067,352</b>	<b>\$ 1,736,679</b>	<b>\$ 1,067,352</b>

N=Direct Assistance from Federal Government

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

**LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
Notes to the Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2009

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B- GUARANTEED STUDENT LOANS**

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.



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

Members of the Board  
Lawrence County Joint Vocational School District  
11627 State Route 243  
Chesapeake, Ohio 45619

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 30, 2010. In which we noted the School District changed their basis of accounting to a basis in accordance with accounting principles generally accepted in the United States of America. 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' *Governmental Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We also noted a certain internal control matter that we reported to the School District's management in a separate letter dated July 30, 2010.

Members of the Board

Lawrence County Joint Vocational School District

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

Page 2

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated July 30, 2010.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intended this report solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

July 30, 2010



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

Board of Education  
Lawrence County Joint Vocational School District  
11627 State Route 243  
Chesapeake, Ohio 45619

**Compliance**

We have audited the compliance of Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2009-003.

**Internal Control Over Compliance**

The School 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 School 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 School District's internal control over compliance.

Board of Education

Lawrence County Joint Vocational School District

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

Page 2

### **Internal Control Over Compliance (Continued)**

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's compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential non-compliance 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 School District's internal control will not prevent or detect material non-compliance 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 for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

July 30, 2010

**LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LAWRENCE COUNTY  
JUNE 30, 2009**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs= Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	Yes
(d)(1)(vii)	Major Programs (list):	Student Financial Aid Cluster CFDA# 84.032 & #84.063
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**LAWRENCE COUNTY JOINT VOACTIONAL SCHOOL DISTRICT  
LAWRENCE COUNTY  
JUNE 30, 2009**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505 (Continued)**

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

**Finding Number 2009-001**

**Significant Deficiency**

Sound financial reporting is the responsibility of the Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Bank reconciliations were not being preformed accurately. This resulted in the following misstatements that should have been prevented or detected by the District's internal controls over financial reporting:

Miscellaneous Revenue were overstated due to failure of the District's recording payroll entries properly.  
Two Intergovernmental Revenues received directly and deposited in the bank were not recorded on the books.  
Interest Revenue was not recorded on the books from March 2009 through April 2010.  
Also, Taxes Receivable and Deferred Revenues were misstated by Local Government Services and the District.  
This should have been prevented or detected by the District's internal controls over financial reporting.

The accompanying financial statements were adjusted to reflect theses misstatements. The District should implement additional application and monitoring controls over financial reporting to ensure that all financial statement transactions and bank reconciliations are accurately prepared and reported.

**Response:** The Client discovered all the aforementioned adjustments and has posted all adjustments to the School Districts records in May 2010.

**Finding Number 2009-002**

**Material Non-compliance**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. It was noted that expenditures exceeded appropriations in the Vocational Funds for \$191,852.

The Treasurer should deny encumbrance requests resulting in expenditures exceeding appropriations. The Treasurer may request the Board of Education to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Response:** The Client chose not to respond.

**LAWRENCE COUNTY JOINT VOACTIONAL SCHOOL DISTRICT  
LAWRENCE COUNTY  
JUNE 30, 2009**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505 (Continued)**

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

<b>Finding Number</b>	2009-003
<b>CFDA Title and Number</b>	Student Financial Aid Cluster CFDA# 84.032 & #84.063
<b>Federal Award Year</b>	2008-2009
<b>Federal Agency</b>	United States Department of Education

**Noncompliance Citation – Reporting**

Circular A-133 and Title 31 of the United States Code requires that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The District did not submit the required reports within this time frame.

The District should ensure that the audits required by Circular A-133 are properly performed and submitted when due. When extensions to the report submission due date are granted by the cognizant or oversight agency for audit, the District should promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

**Response:** The Client chose not to respond.

**LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Ohio Revised Code Section 5705.41(B) – Expenditures exceed appropriations	No	Re-issue as 2009-002

Lawrence County Joint Vocational School District  
Agreed-Upon Procedures over Anti-Harassment Policy  
For the Year Ended June 30, 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639

Lawrence County Joint Vocational School District  
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For the Year Ended June 30, 2009

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### Independent Auditor's Report on Applying Agreed-Upon Procedures

Lawrence County Joint Vocational School District  
Lawrence County  
11627 State Route 243  
Chesapeake, Ohio 45619

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Lawrence County Joint Vocational School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on July 7, 2007.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student's rights under the first amendment to the Constitution of the United State;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

July 30, 2010

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**Mary Taylor, CPA**  
Auditor of State

**LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**LAWRENCE 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  
OCTOBER 14, 2010**