



**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010**



Dave Yost • Auditor of State

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Ashland County-West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education 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 January 14, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 14, 2011

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

The discussion and analysis of the Ashland County-West Holmes Joint Vocational School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets increased \$404,898.
- General revenues accounted for \$5,665,321 in revenue or 70.8 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$2,331,839 or 29.2 percent of total revenues of \$7,997,160.
- The School District had \$7,592,262 in expenses related to governmental activities; only \$2,331,839 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,665,321 were adequate to provide for these programs.
- Outstanding debt decreased from \$1,158,301 in 2009 to \$1,019,741 during 2010.
- Among major funds, the general fund had \$5,669,596 in revenues and \$5,525,186 in expenditures and other financing uses. During fiscal year 2010, the general fund balance increased \$144,410 from \$3,934,692 to \$4,079,102.

Using this Annual Report

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole 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 at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general, permanent improvement and adult education funds are by far the most significant funds.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* (excluding fiduciary funds) using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation and non-instructional services, which include the food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general, permanent improvement and adult education funds.

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

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
 (UNAUDITED)

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall 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 2010 compared to 2009:

(Table 1)
Net Assets

	Governmental Activities	
	2010	2009
Assets:		
Current and Other Assets	\$ 9,096,269	\$ 8,858,490
Capital Assets	4,792,833	4,802,672
Total Assets	13,889,102	13,661,162
Liabilities:		
Long-Term Liabilities	1,331,292	1,399,917
Other Liabilities	2,901,343	3,009,676
Total Liabilities	4,232,635	4,409,593
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	3,773,092	3,644,371
Restricted	458,071	368,471
Unrestricted	5,425,304	5,238,727
Total Net Assets	\$ 9,656,467	\$ 9,251,569

Total assets increased by \$227,940. There was an increase of \$282,453 in pooled cash and cash equivalents. Total liabilities decreased by \$176,958, which was primarily a result of a reduction in debt.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

Table 2 shows the changes in net assets for fiscal years 2010 and 2009. This table presents two fiscal years in side-by-side comparison. This will enable the reader to draw further conclusions about the School District's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2010	2009
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 987,069	\$ 703,592
Operating Grants	1,245,286	1,425,273
Capital Grants	99,484	91,420
<i>General Revenue:</i>		
Property Taxes	2,728,287	3,035,058
Grants and Entitlements	2,851,284	2,701,298
Other	85,750	147,656
<i>Total Revenues</i>	<u>7,997,160</u>	<u>8,104,297</u>
Program Expenses:		
Instruction	4,880,167	4,690,307
<i>Support Services:</i>		
Pupil and Instructional Staff	433,205	350,818
Board of Education, Administration, Fiscal and Business	1,191,940	1,095,514
Operation and Maintenance of Plant	652,836	489,194
Pupil Transportation	6,637	6,221
Central	52,867	63,214
Operation of Non-Instructional Services	299,078	276,782
Extracurricular Activities	29,170	24,345
Intergovernmental	788	0
Interest and Fiscal Charges	45,574	50,690
<i>Total Expenses</i>	<u>7,592,262</u>	<u>7,047,085</u>
Increase in Net Assets	<u>\$ 404,898</u>	<u>\$ 1,057,212</u>

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

Governmental Activities

Several revenue sources fund the School District's governmental activities with intergovernmental revenues being the largest contributor. Property taxes are also a large revenue generator. Property tax levies generated \$2,728,287 in 2010. With the combination of taxes and intergovernmental revenues funding over 73 percent of expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons of 2010 to 2009 have been made in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Service 2010	Total Cost of Service 2009	Net Cost of Service 2010	Net Cost of Service 2009
Instruction	\$ 4,880,167	\$ 4,690,307	\$ (3,021,439)	\$ (2,890,078)
Support Services:				
Pupil and Instructional Staff	433,205	350,818	(319,428)	(302,614)
Board of Education, Administration				
Fiscal and Business	1,191,940	1,095,514	(1,189,654)	(1,078,235)
Operation and Maintenance of Plant	652,836	489,194	(547,408)	(391,182)
Pupil Transportation	6,637	6,221	(6,637)	(6,221)
Central	52,867	63,214	(20,141)	(18,668)
Operation of Non-Instructional Services	299,078	276,782	(80,184)	(64,767)
Extracurricular Activities	29,170	24,345	(29,170)	(24,345)
Intergovernmental	788	0	(788)	0
Interest and Fiscal Charges	45,574	50,690	(45,574)	(50,690)
Total	\$ 7,592,262	\$ 7,047,085	\$ (5,260,423)	\$ (4,826,800)

Instruction and student support services comprise 70.0 percent of governmental program expenses. Interest, fiscal and administration charges were 16.3 percent. Interest expense was attributable to the outstanding bonds; fiscal expenses include payments to the County Auditor for administrative fees and other administrative services provided to the School District. Pupil transportation and the operation and maintenance of plant account for 8.7 percent of governmental program expenses. Central expenses account for .7 percent of program expenses. Operation of non-instructional services, consisting primarily of food service operations and community services, comprise 3.9 percent of governmental program expenses. Extracurricular activities account for .4 percent of program expenses.

The dependence upon general revenues in the form of property taxes and grants and entitlements such as school foundation program is apparent.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,126,448 (exclusive of other financing sources) and expenditures of \$7,752,931 (exclusive of other financing uses).

The net change in fund balance for the year was most significant in the general fund. In fiscal year 2010, the net change in fund balance in the general fund was \$144,410. This was due to an increase in revenue over the previous fiscal year. The net change in the adult education fund was an increase of \$53,943. This was mainly due to an increase in revenue from tuition and fees over the previous fiscal year. The net change in the permanent improvement fund was an increase of \$88,730. This was due to reductions in expenditures over the previous fiscal year.

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 2010, the School District did not modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$5,738,193 and actual revenues and other financing sources were \$5,856,511. Of this \$118,318 increase, most was due to actual property tax and intergovernmental revenue being more than anticipated.

General fund appropriations (appropriated expenditures plus other financing uses) were \$6,051,254 in the original and final budgets. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$5,740,576, which was \$310,678 lower than final budget appropriations with expenditures for vocational instruction accounting for the majority of this difference.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$4,792,833 invested in land, construction in progress, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. See note 6 for additional details. Table 4 shows fiscal year 2010 balances compared with 2009.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

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

	Governmental Activities	
	2010	2009
Land	\$ 50,000	\$ 50,000
Land Improvements	18,134	583
Buildings and Building Improvements	4,240,752	4,320,362
Infrastructure	12,169	13,190
Furniture and Equipment	424,340	418,255
Vehicles	0	282
Construction in Progress	47,438	0
Totals	\$ 4,792,833	\$ 4,802,672

The \$9,839 decrease in capital assets was attributable to depreciation expense exceeding additional purchases (including construction in progress).

Debt Administration

At June 30, 2010, the School District had \$1,019,741 in outstanding debt with \$117,036 due within one year. See note 7 for additional details. Table 5 summarizes bonds and loans outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities	
	2010	2009
OWDA Loan	\$ 66,223	\$ 98,359
General Obligation Bonds	953,518	1,059,942
Totals	\$ 1,019,741	\$ 1,158,301

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. Payments will be made semi-annually through 2012.

On July 15, 2005, the School District issued \$160,000 of general obligation bonds for the purpose of acquiring and installing equipment to be used in the automotive technology program. The bonds mature on July 15, 2012 and carry an interest rate of 3.5 percent.

On July 15, 2005, the School District issued \$527,619 of general obligation bonds for the purpose of acquiring and installing energy conservation improvements. The bonds mature on July 15, 2020 and carry an interest rate of four percent.

On July 1, 2007, the School District issued \$668,781 of general obligation bonds for the purpose of acquiring and installing some additional energy conservation improvements. The bonds mature on July 1, 2020 and carry an interest rate of 4.67 percent.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

Current Financial Related Activities

The Ashland County-West Holmes Joint Vocational School District ended FY2010 in a strong financial position.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920, which was passed in 1976 in response to double-digit inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If, three years later, the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Voters approved the renewal of the 1.0 mill issue in November 2006. This stabilized the finances of the district. The Board of Education also requested that the voters replace the 0.5 mill continuing levy in November 2005. The effective rate of the levy had dropped to 0.28 mill. When the voters approved the replacement levy, the effective rate returned to the full 0.5 mill. Property taxes made up 34% of revenues for governmental activities for the Ashland County-West Holmes Joint Vocational School District in fiscal year 2010.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and the loss of commercial business and property due to plant closures. Since FY2003, the School District has lost \$141,508,500 in tangible personal property valuation. This translates to a loss of \$509,431 in General Fund revenue and \$70,754 in Permanent Improvement Fund revenue. While this trend will continue, the State of Ohio implemented a program to reimburse schools for lost tangible personal property tax revenue. The School District received reimbursements of \$360,177 for the General Fund in FY2010, while the Permanent Improvement amount was \$49,967. The final payments for the fiscal year are made in FY2011. This program is currently only scheduled to make disbursements until FY2012. After the program expires, there is no guarantee that districts will continue to be "held harmless."

As the preceding information shows, the School District relies heavily on its local property taxpayers. Management diligently planned expenses so that the last levy stretched for the three years it was promised. This has been made increasingly difficult with mandates, rising utility costs, increased services required for our students, and significant increases in fees, insurances, teaching materials, and textbooks.

The staff members of the School District have worked hard to reduce expenses while still delivering a quality education to students. The staff's commitment to the students and community were vital to maintaining the financial health of the School District. Since we did not increase our staff size back to pre-RIF (reduction in force) levels and other expenses did not increase dramatically, the School District ended the year with a \$144,410 larger positive fund balance in the General Fund.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

The Ashland County-West Holmes Joint Vocational School District is a school of choice. Students choose to come to this school so enrollment levels are critical since it serves as the basis for receiving state foundation funding. Enrollment increased dramatically in FY2006 and then fell in FY2007 and FY2008 by approximately 40 students. The foundation amount received stayed comparable between FY2006 and FY2010 due to the transitional aid (“the guarantee”) received which is intended to keep the foundation revenue at the prior year level. Time was spent evaluating the viability of the current programs and investigating the start-up of new programs. We added the Sports Science program in FY2010.

During FY2007, the Board of Education approved an energy retrofit project under the auspices of HB264. The energy savings from the retrofit more than cover the cost of the loan. This project was finished in November 2007. Preliminary results over the first year showed enough savings to consider retro fitting the lighting system, which was started in FY2008. We have been able to cut our electrical consumption by about 50%.

The Federal Government awarded a \$500,000 Small Business Administration Grant to the BioScience Consortium in FY2008. The Career Center was designated as the fiscal agent. The majority of the grant covers the construction of a BioScience lab within the school building. The demolition started in May 2008 with construction proceeding through September 2008. The new lab provides an excellent learning environment and will be a useful tool for the recruitment of students. The balance of the grant which relates to internships, equipment upgrades, professional development for teachers, etc. was completed in FY2010. Final payments to close the grant were made in September 2010.

The State of Ohio has been providing “career-technical weighted funds” to career centers. This additional source of revenue is to acknowledge that it costs more to educate a career-technical student than a regular comprehensive high school student. In FY2006, it became mandatory for treasurers to report the spending of career-technical funds. While this appears to be a simple task, there is not agreement on what the rules say, what is an allowable expense, and who determines what qualifies. The Ohio Department of Education actually issued four different versions of what was acceptable for calculations. This issue remains unclear to date. In the past, account codes were kept simple to make it easier for administrators and staff to code their requisitions. With the required reporting of career-technical expenditures, account codes have become more complicated. As an example, the copier in the Teachers Work Area is used by everyone in the building. About 65 percent of the usage is done by career-technical teachers so three codes must now be used to account for copy costs – one for career-technical teachers, one for academic teachers, and one for administrative offices. It has forced a change in how we use grants. In the past, the grants covered supplies, contracted services, mileages, and special purchases. Now the grants are being used to pay for salaries and the General Fund pays for textbooks, supplies, and equipment. The Treasurer for the Ashland County-West Holmes JVSD has been relatively conservative in calculating the items allowable until clarification has been received. There were no unspent career-technical weighted funds from FY2010.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

The classified staff voted to join the Ashland Vocational Teachers Association (AVTA) in April 2009. The classified staff had not been part of a bargaining unit in the past. The current agreement with AVTA runs from August 1, 2007, through July 31, 2010. The administrative team has presented a tentative draft of the agreement to AVTA which incorporates items that apply to the classified staff, but we have not received a clear response from the OEA representative on when we can begin to review the document together. Therefore, we could face additional challenges to our financial position as we enter FY2011.

While the School District is currently in a stable financial position, management and the Board of Education will have to continually plan carefully and prudently to provide the resources to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sherry Paullin, Treasurer of Ashland County-West Holmes Joint Vocational School District, 1783 State Route 60, Ashland, OH 44805.

Ashland County - West Holmes Joint Vocational School District

Statement of Net Assets

June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 5,125,162
Cash and Cash Equivalents with Fiscal Agent	1,005,494
Receivables:	
Taxes	2,852,459
Accounts	11,090
Intergovernmental	68,884
Prepaid Items	33,180
Nondepreciable Capital Assets	97,438
Depreciable Capital Assets (Net)	4,695,395
<i>Total Assets</i>	13,889,102
 Liabilities	
Accounts Payable	64,838
Contracts Payable	9,016
Accrued Wages and Benefits	445,983
Matured Compensated Absences Payable	12,352
Accrued Vacation Payable	85,410
Intergovernmental Payable	87,386
Deferred Revenue	2,123,888
Accrued Interest Payable	3,346
Claims Payable	69,124
Long Term Liabilities:	
Due Within One Year	117,036
Due in More Than One Year	1,214,256
<i>Total Liabilities</i>	4,232,635
 Net Assets	
Invested in Capital Assets, Net of Related Debt	3,773,092
Restricted for:	
Capital Projects	443,028
Other Purposes	15,043
Unrestricted	5,425,304
<i>Total Net Assets</i>	\$ 9,656,467

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues				Net (Expense) and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	
Governmental Activities					
Instruction:					
Regular	\$ 593,489	\$ 0	\$ 53,148	\$ 0	\$ (540,341)
Special	324,090	0	315,545	0	(8,545)
Vocational	2,612,515	58,255	87,180	0	(2,467,080)
Adult Continuing	1,335,503	775,714	563,059	0	3,270
Student Intervention Services	14,570	0	5,827	0	(8,743)
Support Services:					
Pupils	167,182	0	23,261	0	(143,921)
Instructional Staff	266,023	0	90,516	0	(175,507)
Board of Education	70,416	0	0	0	(70,416)
Administration	713,481	0	2,286	0	(711,195)
Fiscal	404,918	0	0	0	(404,918)
Business	3,125	0	0	0	(3,125)
Operation and Maintenance of Plant	652,836	3,025	2,919	99,484	(547,408)
Pupil Transportation	6,637	0	0	0	(6,637)
Central	52,867	0	32,726	0	(20,141)
Operation of Non-Instructional Services:					
Food Service Operations	142,966	29,085	68,819	0	(45,062)
Community Services	156,112	120,990	0	0	(35,122)
Extracurricular Activities	29,170	0	0	0	(29,170)
Intergovernmental	788	0	0	0	(788)
Interest and Fiscal Charges	45,574	0	0	0	(45,574)
<i>Total Governmental Activities</i>	<u>\$ 7,592,262</u>	<u>\$ 987,069</u>	<u>\$ 1,245,286</u>	<u>\$ 99,484</u>	<u>(5,260,423)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					2,357,629
Capital Outlay					370,658
Grants and Entitlements not Restricted to Specific Programs					2,851,284
Investment Earnings					38,343
Miscellaneous					47,407
<i>Total General Revenues</i>					<u>5,665,321</u>
Change in Net Assets					404,898
<i>Net Assets Beginning of Year</i>					<u>9,251,569</u>
<i>Net Assets End of Year</i>					<u>\$ 9,656,467</u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,022,287	\$ 349,288	\$ 604,451	\$ 149,136	\$ 5,125,162
Receivables:					
Taxes	2,464,749	387,710	0	0	2,852,459
Accounts	1,174	0	8,859	1,057	11,090
Interfund	20,000	0	50,450	0	70,450
Intergovernmental	0	0	0	68,884	68,884
Prepaid Items	23,570	9,500	77	33	33,180
<i>Total Assets</i>	<u>\$ 6,531,780</u>	<u>\$ 746,498</u>	<u>\$ 663,837</u>	<u>\$ 219,110</u>	<u>\$ 8,161,225</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 53,328	\$ 2,446	\$ 0	\$ 9,064	\$ 64,838
Contracts Payable	0	9,016	0	0	9,016
Accrued Wages and Benefits	388,604	0	32,365	25,014	445,983
Matured Compensated Absences Payable	12,352	0	0	0	12,352
Interfund Payable	0	0	0	70,450	70,450
Intergovernmental Payable	69,041	0	7,345	11,000	87,386
Deferred Revenue	1,929,353	303,498	0	10,047	2,242,898
<i>Total Liabilities</i>	<u>2,452,678</u>	<u>314,960</u>	<u>39,710</u>	<u>125,575</u>	<u>2,932,923</u>
Fund Balances					
Reserved for Encumbrances	157,747	135,152	0	0	292,899
Reserved for Property Taxes	535,396	84,212	0	0	619,608
Reserved for Termination Benefits	0	0	0	85,318	85,318
Unreserved:					
Designated for Budget Stabilization	72,189	0	0	0	72,189
Undesignated, Reported in:					
General Fund	3,313,770	0	0	0	3,313,770
Special Revenue Funds	0	0	624,127	8,217	632,344
Capital Projects Fund	0	212,174	0	0	212,174
<i>Total Fund Balances</i>	<u>4,079,102</u>	<u>431,538</u>	<u>624,127</u>	<u>93,535</u>	<u>5,228,302</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,531,780</u>	<u>\$ 746,498</u>	<u>\$ 663,837</u>	<u>\$ 219,110</u>	<u>\$ 8,161,225</u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Reconciliation of Total Governmental
Fund Balances to Net Assets of Governmental Activities
June 30, 2010

Total Governmental Fund Balances	\$	5,228,302
 <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.		4,792,833
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 10,047	
Delinquent Property Taxes	108,963	119,010
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		936,370
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is not recorded until due.		(3,346)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Vacation Payable	(85,410)	
Compensated Absences	(311,551)	
Bonds Payable	(953,518)	
Loan Payable	(66,223)	(1,416,702)
<i>Net Assets of Governmental Activities</i>	\$	9,656,467

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 2,416,935	\$ 379,830	\$ 0	\$ 0	\$ 2,796,765
Intergovernmental	3,063,030	98,935	440,536	679,009	4,281,510
Investment Income	9,864	548	0	7	10,419
Tuition and Fees	17,752	0	775,714	41,879	835,345
Rentals	3,025	0	0	0	3,025
Charges for Services	118,473	0	0	30,225	148,698
Contributions and Donations	285	0	2,050	944	3,279
Miscellaneous	40,232	0	5,779	1,396	47,407
<i>Total Revenues</i>	<u>5,669,596</u>	<u>479,313</u>	<u>1,224,079</u>	<u>753,460</u>	<u>8,126,448</u>
Expenditures					
Current:					
Instruction:					
Regular	501,521	2,244	0	53,712	557,477
Special	223,561	0	0	108,543	332,104
Vocational	2,491,727	0	0	113,817	2,605,544
Adult Continuing	62,431	0	1,170,136	126,672	1,359,239
Student Intervention Services	10,116	0	0	5,152	15,268
Support Services:					
Pupils	139,233	0	0	39,755	178,988
Instructional Staff	176,062	226	0	89,444	265,732
Board of Education	70,416	0	0	0	70,416
Administration	702,500	4,357	0	4,543	711,400
Fiscal	396,854	11,955	0	0	408,809
Business	3,125	0	0	0	3,125
Operation and Maintenance of Plant	469,758	171,880	0	2,919	644,557
Pupil Transportation	6,355	0	0	0	6,355
Central	17,301	0	0	35,566	52,867
Operation of Non-Instructional Services					
Food Service Operations	0	0	0	150,797	150,797
Community Services	127,706	0	0	32,668	160,374
Extracurricular Activities	29,170	0	0	0	29,170
Capital Outlay	0	15,284	0	0	15,284
Intergovernmental	0	0	0	788	788
Debt Service:					
Principal Retirement	0	138,560	0	0	138,560
Interest and Fiscal Charges	0	46,077	0	0	46,077
<i>Total Expenditures</i>	<u>5,427,836</u>	<u>390,583</u>	<u>1,170,136</u>	<u>764,376</u>	<u>7,752,931</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>241,760</u>	<u>88,730</u>	<u>53,943</u>	<u>(10,916)</u>	<u>373,517</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	97,350	97,350
Transfers Out	(97,350)	0	0	0	(97,350)
<i>Total Other Financing Sources (Uses)</i>	<u>(97,350)</u>	<u>0</u>	<u>0</u>	<u>97,350</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	144,410	88,730	53,943	86,434	373,517
<i>Fund Balances Beginning of Year</i>	<u>3,934,692</u>	<u>342,808</u>	<u>570,184</u>	<u>7,101</u>	<u>4,854,785</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,079,102</u>	<u>\$ 431,538</u>	<u>\$ 624,127</u>	<u>\$ 93,535</u>	<u>\$ 5,228,302</u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes 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, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$	373,517
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 290,110	
Current Year Depreciation	<u>(298,712)</u>	(8,602)
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(1,237)
 Other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(89,290)	
Delinquent Property Taxes	<u>(68,477)</u>	(157,767)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loans/Bonds		138,560
 In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		
		503
 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 Payable	(14,323)	
Compensated Absences	<u>(69,935)</u>	(84,258)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net income of the internal service fund is reported with governmental activities.		
		<u>144,182</u>
<i>Change in Net Assets of Governmental Activities</i>	\$	<u><u>404,898</u></u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 2,305,751	\$ 2,305,751	\$ 2,367,979	\$ 62,228
Intergovernmental	2,993,107	2,993,107	3,063,030	69,923
Investment Income	8,485	8,485	9,856	1,371
Tuition and Fees	15,290	15,290	17,760	2,470
Rentals	2,604	2,604	3,025	421
Charges for Services	102,622	102,622	119,204	16,582
Contributions and Donations	245	245	285	40
Miscellaneous	33,997	33,997	39,490	5,493
<i>Total Revenues</i>	<u>5,462,101</u>	<u>5,462,101</u>	<u>5,620,629</u>	<u>158,528</u>
Expenditures				
Current:				
Instruction:				
Regular	524,166	524,166	496,766	27,400
Special	225,879	225,879	214,072	11,807
Vocational	2,853,751	2,853,751	2,704,575	149,176
Adult Continuing	52,958	52,958	50,190	2,768
Student Intervention Services	5,138	5,138	4,869	269
Support Services:				
Pupils	148,263	148,263	140,513	7,750
Instructional Staff	188,119	188,119	178,285	9,834
Board of Education	72,079	72,079	68,311	3,768
Administration	738,586	738,586	699,978	38,608
Fiscal	422,277	422,277	400,203	22,074
Business	3,297	3,297	3,125	172
Operation and Maintenance of Plant	508,705	508,705	482,113	26,592
Pupil Transportation	6,703	6,703	6,353	350
Central	18,027	18,027	17,085	942
Operation of Non-Instructional Services:				
Community Services	134,678	134,678	127,638	7,040
Extracurricular Activities	30,758	30,758	29,150	1,608
<i>Total Expenditures</i>	<u>5,933,384</u>	<u>5,933,384</u>	<u>5,623,226</u>	<u>310,158</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(471,283)</u>	<u>(471,283)</u>	<u>(2,597)</u>	<u>468,686</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	500	500	0	(500)
Refund of Prior Year Expenditures	20,010	20,010	0	(20,010)
Advances In	255,582	255,582	235,882	(19,700)
Advances Out	(34,850)	(34,850)	(20,000)	14,850
Transfers Out	(83,020)	(83,020)	(97,350)	(14,330)
<i>Total Other Financing Sources (Uses)</i>	<u>158,222</u>	<u>158,222</u>	<u>118,532</u>	<u>(39,690)</u>
<i>Net Change in Fund Balance</i>	(313,061)	(313,061)	115,935	428,996
<i>Fund Balance Beginning of Year</i>	3,694,677	3,694,677	3,694,677	0
Prior Year Encumbrances Appropriated	10,000	10,000	10,000	0
<i>Fund Balance End of Year</i>	<u>\$ 3,391,616</u>	<u>\$ 3,391,616</u>	<u>\$ 3,820,612</u>	<u>\$ 428,996</u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 Adult Education Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 398,473	\$ 471,299	\$ 446,226	\$ (25,073)
Tuition and Fees	691,700	818,118	774,593	(43,525)
Contributions and Donations	1,831	2,165	2,050	(115)
Miscellaneous	4,678	5,533	5,239	(294)
<i>Total Revenues</i>	<u>1,096,682</u>	<u>1,297,115</u>	<u>1,228,108</u>	<u>(69,007)</u>
Expenditures				
Current:				
Instruction:				
Adult Continuing	979,463	1,179,896	1,171,146	8,750
<i>Excess of Revenues Over Expenditures</i>	<u>117,219</u>	<u>117,219</u>	<u>56,962</u>	<u>(60,257)</u>
Other Financing Sources (Uses)				
Transfers In	587,727	587,727	0	(587,727)
Transfers Out	(620,087)	(620,087)	0	620,087
Refund of Prior Year Expenditures	4,194	4,194	0	(4,194)
Advances In	11,397	11,397	11,397	0
Advances Out	(50,450)	(50,450)	(50,450)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(67,219)</u>	<u>(67,219)</u>	<u>(39,053)</u>	<u>28,166</u>
<i>Net Change in Fund Balance</i>	50,000	50,000	17,909	(32,091)
<i>Fund Balance Beginning of Year</i>	<u>586,542</u>	<u>586,542</u>	<u>586,542</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 636,542</u>	<u>\$ 636,542</u>	<u>\$ 604,451</u>	<u>\$ (32,091)</u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2010

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
<i>Current Assets:</i>	
Cash and Cash Equivalents with Fiscal Agent	\$ 1,005,494
Liabilities	
<i>Current Liabilities:</i>	
Claims Payable	<u>69,124</u>
Net Assets	
Unrestricted	<u><u>\$ 936,370</u></u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 975,044
Operating Expenses	
Claims	672,251
Purchased Services	187,090
<i>Total Operating Expenses</i>	859,341
<i>Operating Income</i>	115,703
Non-Operating Revenue	
Interest	28,479
<i>Change in Net Assets</i>	144,182
<i>Net Assets Beginning of Year</i>	792,188
<i>Net Assets End of Year</i>	\$ 936,370

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received from Charges for Services	\$ 975,044
Cash Paid for Services	(187,090)
Cash Paid for Claims	<u>(662,753)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>125,201</u>
Cash Flows From Investing Activities	
Interest on Investments	<u>28,479</u>
<i>Net Increase in Cash and Cash Equivalents</i>	153,680
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>851,814</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 1,005,494</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 115,703
Adjustments:	
Decrease in Accounts Receivable	21,636
Decrease in Claims Payable	<u>(12,138)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 125,201</u></u>

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 28,777	\$ 35,577
Accounts Receivable	0	135
<i>Total Assets</i>	28,777	\$ 35,712
 Liabilities		
Due to Students	0	\$ 35,712
 Net Assets		
Held in Trust for Scholarships	\$ 28,777	

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Contributions	\$ 1,319
Interest	31
	1,350
<i>Total Additions</i>	1,350
Deductions	
Scholarships Awarded	1,188
	162
<i>Change in Net Assets</i>	162
<i>Net Assets Beginning of Year</i>	28,615
<i>Net Assets End of Year</i>	\$ 28,777

See accompanying notes to the basic financial statements.

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Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Note 1 – Description of the School District and Reporting Entity

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the “School District”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member school districts. The School District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership as of October 1, 2009 was 379. The School District employs 54 certificated and 27 non-certificated employees.

Reporting Entity

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

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 provides 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. The School District does not have any component units.

The School District is associated with the Tri-County Computer Services Association (TCCSA) which is defined as a jointly governed organization. This organization is presented in Note 14 to the basic financial statements. The School District also participates in a claims servicing pool, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan, which is presented in Note 15.

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) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and its internal service funds provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District’s accounting policies.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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 with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds of the School District are divided into three categories: governmental, proprietary, and fiduciary.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

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 balances. The following are the School District's major governmental funds:

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

Permanent Improvement Fund - The permanent improvement capital projects fund receives property taxes for acquisition, construction or improvement of capital facilities and purchase textbooks and other instructional materials.

Adult Education Fund - The adult education special revenue fund accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursements from the State Department of Education. Expenditures include supplies, salaries and textbooks.

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

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; the School District has no enterprise funds. The following is a description of the School District's internal service fund:

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical benefits.

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

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, (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

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. Proprietary and 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. Available means that the resources will be collected within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year end.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded 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.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require resolution of the Board of Education. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

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

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, excluding the internal service fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2010, investments were limited to repurchase agreements, STAROhio and a money market.

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

STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$9,864, which includes \$1,788 assigned from other School District funds.

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District’s central bank account. The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the basic financial statements as cash equivalents.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Capital Assets

The School District’s only capital assets are general capital assets. 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 year. Donated capital assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset’s life are not.

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

Description	Estimated Lives
Land Improvements	5 - 10 years
Buildings and Building Improvements	10 - 50 years
Infrastructure	50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net assets.

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences.”

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent 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 funds from which the employee will be paid.

The entire compensated absence liability is reported on the government-wide financial statements.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Activity

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

M. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes and termination benefits. The School District designates portions of the fund balance, which the School District's Board of Education has segregated for budget stabilization.

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

N. 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 instructional activities and grants. At June 30, 2010, none of the School District's net assets were restricted by enabling legislation.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual 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. Neither type of transaction occurred during fiscal year 2010.

Q. 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.

R. Changes in Accounting Principles

For the year ended June 30, 2010, the School District has implemented GASB Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*," GASB Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*," and GASB Statement No. 58, "*Accounting and Financial Reporting for Chapter 9 Bankruptcies*."

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

GASB Statement No. 51 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

Note 3 – Fund Deficits

GAAP basis fund balances at June 30, 2010 included the following individual fund deficits:

	<u>Deficit</u>
<i>Nonmajor Special Revenue Funds:</i>	
Food Service	\$ 5,246
Educational Management Information System	96
Adult Basic Literacy Education	3,319
Title II	867
Miscellaneous Federal Grants	25,369

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

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund and the adult education fund. The major differences between the budget basis and GAAP basis are:

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 4 - Budgetary Basis of Accounting (Continued)

- 1) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures and other financing uses 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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the adult education fund:

	General	Adult Education
GAAP Basis	\$ 144,410	\$ 53,943
Net Adjustments for Revenue Accruals	(48,967)	4,029
Advances In	235,882	11,397
Net Adjustment for Expenditure Accruals	6,285	(1,010)
Advances Out	(20,000)	(50,450)
Adjustment for Encumbrances	(201,675)	0
Budget Basis	\$ 115,935	\$ 17,909

Note 5 – Deposits and Investments

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

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

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

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2010

Note 5 – Deposits and Investments (Continued)

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

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

Interim monies are to be deposited or invested in the following securities:

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

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

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2010

Note 5 – Deposits and Investments (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2010, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was \$2,744,645. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2010, \$1,566,346 of the School District's bank balance of \$2,775,999 was exposed to custodial risk as discussed above and \$1,209,653 of the bank balance was covered by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$1,005,494. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 5 – Deposits and Investments (Continued)

Investments

As of June 30, 2010, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity 3 Months or Less</u>
STAROhio	\$ 2,438,449	\$ 2,438,449
Repurchase Agreements	<u>6,422</u>	<u>6,422</u>
Total	<u>\$ 2,444,871</u>	<u>\$ 2,444,871</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment in repurchase agreements is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by two percent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk. The School District’s investments in the federal agency securities that underlie the District’s repurchase agreements were rated Aaa by Moody’s Investor Services. STAROhio has been given an AAAM rating by Standard & Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 2,438,449	99.74%
Repurchase Agreements	<u>6,422</u>	<u>0.26%</u>
Total	<u>\$ 2,444,871</u>	<u>100.00%</u>

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 6 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Construction in Progress	0	47,438	0	47,438
<i>Total Capital Assets not being depreciated</i>	50,000	47,438	0	97,438
<i>Capital Assets being depreciated</i>				
Land Improvements	131,437	18,514	0	149,951
Buildings and Building Improvements	8,229,548	86,056	0	8,315,604
Infrastructure	51,056	0	0	51,056
Furniture and Equipment	1,941,799	138,102	(58,819)	2,021,082
Vehicles	12,825	0	0	12,825
<i>Total Capital Assets being depreciated</i>	10,366,665	242,672	(58,819)	10,550,518
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(130,854)	(963)	0	(131,817)
Buildings and Building Improvements	(3,909,186)	(165,666)	0	(4,074,852)
Infrastructure	(37,866)	(1,021)	0	(38,887)
Furniture and Equipment	(1,523,544)	(130,780)	57,582	(1,596,742)
Vehicles	(12,543)	(282)	0	(12,825)
<i>Total Accumulated Depreciation</i>	(5,613,993)	(298,712) *	57,582	(5,855,123)
<i>Total Capital Assets being depreciated, net</i>	4,752,672	(56,040)	(1,237)	4,695,395
<i>Governmental Activities Capital Assets, Net</i>	\$ 4,802,672	\$ (8,602)	\$ (1,237)	\$ 4,792,833

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 41,634
Special	1,613
Vocational	211,056
Adult/Continuing	10,450
Support Services:	
Pupils	188
Instructional Staff	223
Administration	2,912
Fiscal	292
Operation and Maintenance of Plant	26,266
Pupil Transportation	282
Food Service Operations	3,796
<i>Total Depreciation Expense</i>	\$ 298,712

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 7 - Long-Term Obligations

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

	Outstanding July 1, 2009	Additions	Reductions	Outstanding June 30, 2010	Due Within One Year
OWDA Loan, 2% interest rate, due 7/01/2012	\$ 98,359	\$ 0	\$ (32,136)	\$ 66,223	\$ 32,782
HB264, Energy Conservation Improvement Bond, 4% interest rate, due 7/15/2020	423,627	0	(30,454)	393,173	31,691
Automotive Technology Equipment Bond, 3.5% interest rate, due 7/15/2010	42,650	0	(33,971)	8,679	8,679
HB264, Energy Conservation Improvement bond, 4.67% interest rate, due 7/1/2020	593,665	0	(41,999)	551,666	43,884
Compensated Absences	241,616	133,074	(63,139)	311,551	0
Total	<u>\$ 1,399,917</u>	<u>\$ 133,074</u>	<u>\$ (201,699)</u>	<u>\$ 1,331,292</u>	<u>\$ 117,036</u>

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. Payments will be made semi-annually through 2012.

On July 15, 2005, the School District issued \$160,000 of general obligation bonds for the purpose of acquiring and installing equipment to be used in the automotive technology program. The bonds mature on July 15, 2012 and carry an interest rate of 3.5 percent.

On July 15, 2005, the School District issued \$527,619 of general obligation bonds for the purpose of acquiring and installing energy conservation improvements. The bonds mature on July 15, 2020 and carry an interest rate of 4 percent.

On August 1, 2007, the School District issued \$668,781 of general obligation bonds for the purpose of additional energy conservation improvements. The bonds mature on July 1, 2020 and carry an interest rate of 4.67 percent.

The loans and bonds will be repaid with tax revenue from the permanent improvement fund. Compensated absences will be paid from adult education fund for employees who salaries are paid from that fund. All other severance payments are paid from the termination benefits fund. In the event the food service fund has funds available, severance payments are made from that fund, otherwise, they are paid from the termination benefits fund. Accrued vacation leave will be paid from the fund from which the employee wages are paid.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 7 - Long-Term Obligations (Continued)

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Bonds		OWDA Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 84,254	\$ 40,169	\$ 32,782	\$ 1,161	\$ 117,036	\$ 41,330
2012	78,953	36,713	33,441	502	112,394	37,215
2013	82,486	33,180	0	0	82,486	33,180
2014	86,177	29,488	0	0	86,177	29,488
2015	90,035	24,441	0	0	90,035	24,441
2016-2020	514,409	63,918	0	0	514,409	63,918
2021	17,204	138	0	0	17,204	138
	<u>\$ 953,518</u>	<u>\$ 228,047</u>	<u>\$ 66,223</u>	<u>\$ 1,663</u>	<u>\$ 1,019,741</u>	<u>\$ 229,710</u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are payable annually or semi-annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 become a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2010

Note 8 - Property Taxes (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010 are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding, real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010 was \$535,396 in the general fund and \$84,212 in the permanent improvement fund. The amount available as an advance at June 30, 2009 was \$486,440 in the general fund and \$76,554 in the permanent improvement fund.

On an 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.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second		2010 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,253,961,269	77.22%	\$ 1,266,478,120	78.61%
Commercial Industrial	232,680,329	14.33%	237,201,060	14.73%
Public Utility	112,630	0.01%	124,150	0.01%
Tangible Personal Property	137,134,588	8.44%	107,061,827	6.65%
Total Assessed Value	\$ 1,623,888,816	100.00%	\$ 1,610,865,157	100.00%

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 9 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“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 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

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 2010, 12.78 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, 2010, 2009 and 2008 were \$ 111,959, \$86,334 and \$73,561, respectively. The School District has contributed 100 percent for all fiscal years.

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.

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.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 9 – Defined Benefit Pension Plans (Continued)

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

Funding Policy - For the fiscal year ended June 30, 2010, 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 2009, 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, 2010, 2009, and 2008 were \$440,703, \$423,322 and \$410,594, respectively. The School District has contributed 100 percent for each fiscal year. Contributions to the DC and Combined Plans for fiscal year 2010 were \$8,673 made by the School District and \$6,195 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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 10 - Postemployment Benefits

A. School Employees 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 2010, .46 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 2010, this amount was \$35,800.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2010

Note 10 - Postemployment Benefits (Continued)

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.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$19,672, \$55,152 and \$43,099, respectively. The School District has contributed 100 percent for all fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009 and 2008 were \$6,658, \$7,123 and \$5,300, respectively. The School District has contributed 100 percent for all fiscal years.

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 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 2010, 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, 2010, 2009, and 2008 were \$33,900, \$32,563 and \$31,584, respectively. The School District has contributed 100 percent for all three fiscal years.

Note 11 - Interfund Activity

A. Interfund Balances

Interfund balances at June 30, 2010 consist of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 20,000	\$ 0
Adult Education	50,450	0
Adult Basic Literacy	0	50,450
Miscellaneous Federal Grants	0	20,000
 Total	 \$ 70,450	 \$ 70,450

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 11 - Interfund Activity (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid in fiscal year 2011 once the anticipated revenues are received.

B. Interfund Transfers

During the fiscal year, the general fund transferred \$57,750 to the termination benefits fund and \$39,600 to the food service fund to provide additional resources for current operations.

Note 12 – Set-Asides

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

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2009	\$ 0	\$ 0
Current Year Set-aside Requirement	59,187	59,187
Current Year Offsets	(186,086)	(186,086)
Qualifying Disbursements	0	0
Totals	\$ (126,899)	\$ (126,899)
Set-aside Balance Carried Forward to Future Fiscal Years	\$ 0	\$ 0
Set-aside Reserve Balance as of June 30, 2010	\$ 0	\$ 0

The School District had offsets during the fiscal year that reduced the textbook and capital acquisition set-aside amounts below zero. These amounts may not be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the two set-asides at the end of the fiscal year was \$-0-.

Effective April 10, 2001, Senate Bill 345, eliminated the requirement for school districts to establish and maintain a budget stabilization reserve. The School District has elected to maintain \$72,189 in its budget stabilization reserve until a future determination of the use of the fund can be made. This amount is represented in the General Fund as “unreserved fund balance – designated for budget stabilization.”

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 13 - Risk Management

A. General Insurance

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 has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately \$24,870,617. The School District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible for automobiles and \$1,000 deductible for buses. All board members, administrators, and employees are covered under a School District liability policy.

Additionally, the School District carries a \$2,000,000 Educational Liability Policy. The limits of this coverage are \$1,000,000 per occurrence and \$2,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Fidelity Bond

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. The School District's Cashier has a bond in the amount of \$20,000. In addition, the School District is covered by a blanket Public Employee Dishonesty Policy in the amount of \$200,000.

C. Workers' Compensation

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts. The purchasing pool is administered by Comp Management, Inc.

D. Employee Health Insurance

The School District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee.

The claims liability of \$69,124 reported in the internal service fund at June 30, 2010, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 13 - Risk Management (Continued)

Changes in the fund's claims liability for 2009 and 2010 are listed below:

	Balance at Beginning of Year	Claims	Payments	Balance at end of Year
2010	\$ 81,262	\$ 650,615 *	\$ 662,753	\$ 69,124
2009	\$ 90,954	\$ 557,132	\$ 566,824	\$ 81,262

*Claims amount above is \$21,636 lower than the amount reported on the statement of revenues, expenses and changes in fund net assets. This is due to the reversal in the current year of a receivable at June 30, 2009 for a stop-loss reimbursement.

Note 14 - Jointly Governed Organization

Tri-County Computer Services Association (TCCSA) - The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. The Ashland County-West Holmes Joint Vocational School District paid \$22,752 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2010 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

Note 15 – Claims Servicing Pool

Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (OME-RESA) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Ashland County-West Holmes Joint Vocational School District paid \$33,148 to OME-RESA during fiscal year 2010 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

Note 16 - Contractual Commitments

As of June 30, 2010, the School District had contractual commitments for a replacement emergency generator and a group room renovation project.

	Contractual Commitment	Expended	Balance June 30, 2010
MKC Associates	\$ 59,500	\$ 38,422	\$ 21,078
Strong Electric	266,478	7,500	258,978
Total	\$ 325,978	\$ 45,922	\$ 280,056

Note 17 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

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ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program	2010	10.553	\$14,980		\$14,980	
	2009		716		716	
Total School Breakfast Program			15,696		15,696	
National School Lunch Program	2010	10.555	47,743	\$14,277	47,743	\$14,277
	2009		3,799		3,799	
Total National School Lunch Program			51,542	14,277	51,542	14,277
Total Child Nutrition Cluster/U.S. Department of Agriculture			67,238	14,277	67,238	14,277
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>						
<i>Direct Program:</i>						
Small Business Administration Grant	SBAHQ-08-1-0114	59.000	200,172		143,385	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Student Financial Aid Cluster						
Federal Supplemental Educational Opportunity Grants	N/A	84.007	4,976		4,976	
Federal Family Education Loans	N/A	84.032	237,661		237,661	
Federal Pell Grant Program	N/A	84.063	265,602		265,602	
Total Student Financial Aid Cluster			508,239		508,239	
Rural Education	S358A086720	84.358A	32,505		21,998	
	S358A096720		41,583		41,583	
Total Rural Education			74,088		63,581	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education_State Grant Program						
	2010	84.002	6,210		5,874	
	2009		45,527		45,527	
Total Adult Education_State Grant Program			51,737		51,401	
Vocational Education_Basic Grants to States						
	2010	84.048	156,790		149,178	
	2009		21,872		22,160	
	2010		0		50,450	
	2009		8,397		0	
Total Vocational Education_Basic Grants to States			187,059		221,788	
Career and Technical Education -- National Programs	2010	84.051	5,000		788	
Safe and Drug-Free Schools and Communities_State Grants	2010	84.186	633		633	
Vocational Education_Occupational and Employment Information State Grants	N/A	84.346	0		312	
Improving Teacher Quality State Grants	2010	84.367	2,171		2,171	
Total U.S. Department of Education			828,927		848,913	
Totals			\$1,096,337	\$14,277	\$1,059,536	\$14,277

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Ashland County-West Holmes Joint Vocational School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Ashland County-West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 14, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 14, 2011



Dave Yost • Auditor of State

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

Ashland County-West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

Compliance

We have audited the compliance of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Ashland County-West Holmes Joint Vocational School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Dave Yost
Auditor of State

January 14, 2011

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.007 – Federal Supplemental Educational Opportunity Grants; CFDA # 84.032 – Federal Family Education Loans; CFDA # 84.063 – Federal Pell Grant Program CFDA # 84.048 – Vocational Education_Basic Grants to States
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

ASHLAND COUNTY WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 3, 2011