



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

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lawrence County Joint Vocational School District, Lawrence County, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 18, 2001

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LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LAWRENCE COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type	Fund Type	General	General	
					Enterprise	Agency	Fixed Assets	Long-Term Obligations	
Assets and Other Debits:									
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$740,195	\$400,281	\$847	\$204,585	\$8,658	\$16,083	\$0	\$0	\$1,370,649
Receivables:									
Property Taxes	1,211,786	0	0	275,789	0	0	0	0	1,487,575
Accounts	3,696	0	0	0	3,770	0	0	0	7,466
Intergovernmental	17,780	88,208	0	3,500	131,387	0	0	0	240,875
Interfund	146,000	0	0	0	13,000	0	0	0	159,000
Inventory Held for Resale	0	0	0	0	2,018	0	0	0	2,018
Materials and Supplies Inventory	11,290	0	0	0	577	0	0	0	11,867
Prepaid Items	8,241	1,852	0	0	2,614	0	0	0	12,707
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	107,382	0	8,970,339	0	9,077,721
Other Debits:									
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	847	847
Amount to be Provided from General Government Resources	0	0	0	0	0	0	0	1,054,132	1,054,132
Total Assets and Other Debits	\$2,138,988	\$490,341	\$847	\$483,874	\$269,406	\$16,083	\$8,970,339	\$1,054,979	\$13,424,857

(Continued)

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001
(Continued)**

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-Term Obligations	
Liabilities, Fund Equity and Other Credits:									
Liabilities:									
Accounts Payable	\$29,313	\$41,336	\$0	\$76,284	\$22,194	\$0	\$0	\$0	\$169,127
Accrued Wages and Benefits Payable	227,095	13,311	0	0	28,384	0	0	0	268,790
Compensated Absences Payable	17,271	2,154	0	0	140,531	0	0	434,714	594,670
Interfund Payable	0	102,000	0	0	57,000	0	0	0	159,000
Intergovernmental Payable	12,181	4,824	0	0	9,300	0	0	17,876	44,181
Deferred Revenue	1,190,467	24,054	0	271,807	115,848	0	0	0	1,602,176
Due to Students	0	0	0	0	0	16,083	0	0	16,083
Notes Payable	0	0	0	0	0	0	0	602,389	602,389
Total Liabilities	1,476,327	187,679	0	348,091	373,257	16,083	0	1,054,979	3,456,416
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	8,970,339	0	8,970,339
Contributed Capital	0	0	0	0	121,340	0	0	0	121,340
Retained Earnings:									
Unreserved Deficit	0	0	0	0	(225,191)	0	0	0	(225,191)
Fund Balance:									
Reserved for Encumbrances	69,272	11,957	0	19,489	0	0	0	0	100,718
Reserved for Inventory	11,290	0	0	0	0	0	0	0	11,290
Reserved for Property Taxes	21,319	0	0	3,982	0	0	0	0	25,301
Designated	8,771	0	0	0	0	0	0	0	8,771
Unreserved, Undesignated	552,009	290,705	847	112,312	0	0	0	0	955,873
Total Fund Equity and Other Credits	662,661	302,662	847	135,783	(103,851)	0	8,970,339	0	9,968,441
Total Liabilities, Fund Equity and Other Credits	\$2,138,988	\$490,341	\$847	\$483,874	\$269,406	\$16,083	\$8,970,339	\$1,054,979	\$13,424,857

The notes to the general purpose financial statements are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			Capital Projects	Totals (Memorandum Only)
	General	Special Revenue	Debt Service		
Revenues:					
Property Taxes	\$1,158,769	\$0	\$0	\$214,465	\$1,373,234
Intergovernmental	2,845,850	1,399,674	0	118,154	4,363,678
Interest	64,063	0	0	0	64,063
Tuition and Fees	51,116	0	0	0	51,116
Rent	2,500	0	0	0	2,500
Customer Services	16,641	688,026	0	0	704,667
Miscellaneous	1,553	2,400	0	0	3,953
Total Revenues	4,140,492	2,090,100	0	332,619	6,563,211
Expenditures:					
Current:					
Instruction					
Regular	16,888	0	0	0	16,888
Vocational	2,415,120	252,495	0	0	2,667,615
Adult/Continuing	0	3,208	0	0	3,208
Support Services					
Pupils	250,064	735,747	0	0	985,811
Instructional Staff	67,670	26,804	0	0	94,474
Board of Education	22,279	0	0	0	22,279
Administration	525,990	0	0	0	525,990
Fiscal	255,640	25,861	0	0	281,501
Operation and Maintenance of Plant	419,707	0	0	0	419,707
Pupil Transportation	1,155	0	0	0	1,155
Central	37,695	54,441	0	0	92,136
Non-Instructional Services	0	769,064	0	0	769,064
Extracurricular Activities	37,124	0	0	0	37,124
Capital Outlay	0	9,414	0	395,592	405,006
Debt Service					
Principal Retirement	0	0	57,536	0	57,536
Interest and Fiscal Charges	0	0	36,473	0	36,473
Total Expenditures	4,049,332	1,877,034	94,009	395,592	6,415,967
Excess of Revenues Over					
Excess of Revenues Over (Under) Expenditures	91,160	213,066	(94,009)	(62,973)	147,244
Other Financing Sources (Uses):					
Operating Transfers In	293,399	28,961	94,009	56,175	472,544
Operating Transfers Out	(320,971)	(169,300)	0	(48,053)	(538,324)
Total Other Financing Sources (Uses)	(27,572)	(140,339)	94,009	8,122	(65,780)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	63,588	72,727	0	(54,851)	81,464
Fund Balances at Beginning of Year	614,991	229,935	847	190,634	1,036,407
Increase in Reserve for Inventory	(15,918)	0	0	0	(15,918)
Fund Balances at End of Year	\$662,661	\$302,662	\$847	\$135,783	\$1,101,953

The notes to the general purpose financial statements are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,166,029	\$1,166,029	\$0	\$0	\$0	\$0
Intergovernmental	2,840,572	2,840,572	0	1,325,149	1,393,524	68,375
Interest	58,484	58,484	0	0	0	0
Tuition and Fees	37,420	37,420	0	0	0	0
Customer Services	16,641	16,641	0	688,026	688,026	0
Miscellaneous	3,891	3,891	0	2,400	2,400	0
Total Revenues	4,123,037	4,123,037	0	2,015,575	2,083,950	68,375
Expenditures:						
Current:						
Instruction						
Regular	17,930	17,930	0	0	0	0
Vocational	2,435,518	2,435,518	0	251,766	251,785	(19)
Adult/Continuing	0	0	0	3,241	3,241	0
Support Services						
Pupils	248,287	248,287	0	735,735	735,735	0
Instructional Staff	68,469	68,469	0	38,986	38,986	0
Board of Education	21,068	21,068	0	0	0	0
Administration	526,634	526,634	0	0	89	(89)
Fiscal	269,982	269,982	0	26,084	26,084	0
Operation and Maintenance of Plant	498,462	498,462	0	0	0	0
Pupil Transportation	1,155	1,155	0	250	250	0
Central	47,305	47,305	0	88,197	88,197	0
Non-Instructional Services	0	0	0	781,402	781,402	0
Extracurricular Activities	37,122	37,122	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	4,171,932	4,171,932	0	1,925,661	1,925,769	(108)
Excess of Revenues Over (Under) Expenditures	(48,895)	(48,895)	0	89,914	158,181	68,267
Other Financing Sources (Uses):						
Operating Transfers In	293,399	293,399	0	28,961	28,961	0
Advances In	11,000	11,000	0	46,000	46,000	0
Operating Transfers Out	(320,971)	(320,971)	0	(169,300)	(169,300)	0
Advances Out	(76,000)	(76,000)	0	(17,500)	(17,500)	0
Total Other Financing Sources (Uses)	(92,572)	(92,572)	0	(111,839)	(111,839)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(141,467)	(141,467)	0	(21,925)	46,342	68,267
Fund Balances at Beginning of Year	660,431	660,431	0	253,123	253,123	0
Prior Year Encumbrances Appropriated	0	0				
	118,294	118,294	0	47,609	47,609	0
Fund Balances at End of Year	\$637,258	\$637,258	\$0	\$278,807	\$347,074	\$68,267

(Continued)

The note to the general purpose financial statements are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$0	\$0	\$0	\$215,467	\$215,467	\$0
Intergovernmental	0	0	0	114,654	114,654	0
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Customer Services	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	330,121	330,121	0
Expenditures:						
Current:						
Instruction						
Regular	0	0	0	0	0	0
Vocational	0	0	0	198,462	198,462	0
Adult/Continuing	0	0	0	2,791	2,791	0
Support Services						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	3,054	3,054	0
Operation and Maintenance of Plant	0	0	0	34,142	34,142	0
Pupil Transportation	0	0	0	23,235	23,235	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	159,833	159,833	0
Debt Service:						
Principal Retirement	57,536	57,536	0	0	0	0
Interest and Fiscal Charges	36,473	36,473	0	0	0	0
Total Expenditures	94,009	94,009	0	421,517	421,517	0
Excess of Revenues Over (Under) Expenditures	(94,009)	(94,009)	0	(91,396)	(91,396)	0
Other Financing Sources (Uses):						
Operating Transfers In	94,009	94,009	0	56,175	56,175	0
Advances In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	(48,053)	(48,053)	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	94,009	94,009	0	8,122	8,122	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(83,274)	(83,274)	0
Fund Balances at Beginning of Year	847	847	0	170,210	170,210	0
Prior Year Encumbrances Appropriated	0	0	0	22,307	22,307	0
Fund Balances at End of Year	\$847	\$847	\$0	\$109,243	\$109,243	\$0

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,381,496	\$1,381,496	\$0
4,280,375	4,348,750	68,375
58,484	58,484	0
37,420	37,420	0
704,667	704,667	0
6,291	6,291	0
6,468,733	6,537,108	68,375
17,930	17,930	0
2,885,746	2,885,765	(19)
6,032	6,032	0
984,022	984,022	0
107,455	107,455	0
21,068	21,068	0
526,634	526,723	(89)
299,120	299,120	0
532,604	532,604	0
24,640	24,640	0
135,502	135,502	0
781,402	781,402	0
37,122	37,122	0
159,833	159,833	0
57,536	57,536	0
36,473	36,473	0
6,613,119	6,613,227	(108)
(144,386)	(76,119)	68,267
472,544	472,544	0
57,000	57,000	0
(538,324)	(538,324)	0
(93,500)	(93,500)	0
(102,280)	(102,280)	0
(246,666)	(178,399)	68,267
1,084,611	1,084,611	0
188,210	188,210	0
\$1,026,155	\$1,094,422	\$68,267

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

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise
Operating Revenues:	
Sales	\$142,095
Tuition	1,076,795
Charges for Services	2,593
Other	123,009
	1,344,492
Operating Expenses:	
Expenditures:	
Current:	
Support Services:	
Salaries	1,425,424
Fringe Benefits	333,639
Purchased Services	245,545
Materials and Supplies	251,759
Cost of Sales	93,574
Depreciation	17,343
	2,367,284
Total Operating Expenses	2,367,284
Operating Loss	(1,022,792)
Non-Operating Revenues:	
Federal Donated Commodities	4,423
Federal and State Subsidies	842,382
	846,805
Total Non-Operating Revenues	846,805
Net Loss Before Operating Transfers	(175,987)
Operating Transfers In	65,889
Operating Transfers Out	(109)
	(110,207)
Net Loss	(110,207)
Retained Earnings at Beginning of Year	(114,984)
	(114,984)
Retained Earnings Deficit at End of Year	(225,191)
Contributed Capital at Beginning and End of Year	121,340
	121,340
Total Fund Equity Deficit at End of Year	(\$103,851)

The notes to the general purpose financial statements are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$142,095	\$142,095	\$0
Tuition	1,081,373	1,081,373	0
Operating Grants	910,757	842,382	(68,375)
Charges for Services	2,593	2,593	0
Other Revenues	123,009	123,009	0
Total Revenues	2,259,827	2,191,452	(68,375)
Expenses:			
Salaries	1,402,372	1,402,372	0
Fringe Benefits	343,774	343,774	0
Purchased Services	291,471	291,471	0
Materials and Supplies	362,471	362,471	0
Capital Outlay	24,448	24,448	0
Total Operating Expenses	2,424,536	2,424,536	0
Excess of Revenues Under Expenses	(164,709)	(233,084)	(68,375)
Operating Transfers In	65,889	65,889	0
Advances In	36,500	36,500	0
Operating Transfers Out	(109)	(109)	0
Excess of Revenues Under Expenses, Transfers and Advances	(62,429)	(130,804)	(68,375)
Fund Equity at Beginning of Year	17,991	17,991	0
Prior Year Encumbrances Appropriated	51,330	51,330	0
Fund Equity at End of Year	\$6,892	(\$61,483)	(\$68,375)

The notes to the general purpose financial statement are an integral part of this statement.

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

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$1,349,071
Cash Payments to Suppliers for Goods and Services	(587,237)
Cash Payments for Employee Services and Benefits	<u>(1,742,710)</u>
Net Cash Used for Operating Activities	<u>(980,876)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	842,381
Operating Transfers In	65,889
Advances In	36,500
Operating Transfers Out	<u>(109)</u>
Net Cash Provided by Noncapital Financing Activities	<u>944,661</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(24,448)</u>
Net Decrease in Cash and Cash Equivalents	(60,663)
Cash and Cash Equivalents at Beginning of Year	<u>69,321</u>
Cash and Cash Equivalents at End of Year	<u><u>\$8,658</u></u>

(Continued)

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

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

	<u>Enterprise</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$1,022,792)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	17,343
Donated Commodities Used During Year	4,423
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	20,439
Increase in Intergovernmental Receivable	(15,861)
Decrease in Inventory Held for Resale	1,691
Increase in Materials and Supplies Inventory	(49)
Decrease in Prepaid Items	342
Decrease in Accounts Payable	(1,465)
Decrease in Accrued Wages and Benefits Payable	(17,687)
Increase in Compensated Absences Payable	37,790
Decrease in Intergovernmental Payable	<u>(5,050)</u>
Total Adjustments	<u>41,916</u>
Net Cash Used for Operating Activities	<u><u>(\$980,876)</u></u>

The notes to the general purpose financial statements are an integral part of this statement.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is staffed by 31 non-certificated employees, 61 certificated full-time teaching personnel and 15 administrative employees who provide services to 410 students and other community members. The School District currently operates one instructional building.

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

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

The School District is associated with three organizations, one of which is defined as a jointly governed organization and two as group purchasing pools. The jointly governed organization is the South Central Ohio Computer Association, and the group purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Lawrence County Insurance Purchasing Consortium. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the School District's governmental fund types:

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

Special Revenue Funds - Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

Proprietary Fund Type:

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

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary funds are Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Lawrence County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. The School District utilizes financial institutions to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2001, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$64,063, which includes \$7,821 from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the proprietary fund are depreciated using the straight-line method over an estimated useful life of 20 to 50 years for buildings and improvements, 3 to 6 years for textbooks, 5 to 20 years for furniture and equipment, and 10 years for vehicles. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of 5 to 20 years.

H. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made

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to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Capital Improvement Notes are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Contributed Capital

Contributed Capital represents resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. These assets are recorded at fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set aside by the Board of Education above the reserve for textbooks and capital improvements required by State statute.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". The implementation of GASB Statements 33 and 36 had no effect on fund balances at June 30, 2000.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balance/retained earnings at June 30, 2001:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Funds:	
Career Development	\$40,829
Childrens Trust	\$1,408
Enterprise Fund:	
Adult Education	\$121,862

The deficits in the special revenue funds resulted from application of generally accepted accounting principles. The general fund is liable for any deficit in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the adult education enterprise fund is the result of accumulated losses. The School District is analyzing the enterprise fund operations to determine appropriate steps to alleviate the deficit.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary

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basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$63,588	\$72,727	(\$54,851)
Revenue Accruals	(11,878)	(6,150)	(2,498)
Unrecorded Cash	(5,577)	0	0
Expenditure Accruals	(16,999)	6,216	69,417
Prepays	(8,241)	(1,852)	0
Advances In	11,000	46,000	0
Advances Out	(76,000)	(17,500)	0
Encumbrances	(97,360)	(53,099)	(95,342)
Budget Basis	(\$141,467)	\$46,342	(\$83,274)

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Net Loss/Excess of Revenues Under Expenses After
Transfers and Advances - Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	(\$110,207)
Revenue Accruals	155
Expense Accruals	(1,840)
Prepaid Items	(2,614)
Depreciation Expense	17,343
Advances In	36,500
Encumbrances	<u>(70,141)</u>
Budget Basis	<u><u>(\$130,804)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

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2. Bonds, notes, debentures, or any other obligations or securities issued by the 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) 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 bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$1,370,649 and the bank balance was \$1,454,461. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,354,461 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory

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requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

NOTE 7 - 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 and public utility property, and tangible personal (used in business) property located in the School District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real and public utility property taxes are payable annually and semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and the rates determined in the preceding year.

Tangible personal property used in business (except public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility taxes are payable on the same dates as real property taxes described previously.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/ Residential and Other Real Estate	\$470,515,470	79%	\$475,831,120	79%
Public Utility Personal	71,132,730	12	72,284,984	12
Tangible Personal Property	55,616,980	9	54,258,766	9
Total	<u>\$597,265,180</u>	<u>100%</u>	<u>\$602,374,870</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$2.90		\$2.90	

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$25,301 and is recognized as revenue, \$21,319 was available to the General Fund and \$3,982 was available to the Capital Projects Fund.

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$387,860
Less Accumulated Depreciation	<u>(280,478)</u>
Net Fixed Assets	<u><u>\$107,382</u></u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$91,800	\$0	\$0	\$91,800
Buildings and Improvements	6,411,933	119,989	0	6,531,922
Furniture, Fixtures and Equipment	1,993,174	81,180	69,208	2,005,146
Vehicles	178,650	0	0	178,650
Textbooks	<u>162,821</u>	<u>0</u>	<u>0</u>	<u>162,821</u>
Total General Fixed Assets	<u><u>\$8,838,378</u></u>	<u><u>\$201,169</u></u>	<u><u>\$69,208</u></u>	<u><u>\$8,970,339</u></u>

NOTE 9 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (rent and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Intergovernmental Receivables	Amounts
General Fund:	
Project Leap	\$5,280
Summer School	12,500
Total General Fund	17,780
Special Revenue Funds:	
Career Development Grant	6,620
Full Service Grant	3,000
Ohio Environmental Education Grant	4,963
Eisenhower Grant	99
Carl D. Perkins, Secondary Grant	47,229
Carl D. Perkins, Adult Education Grant	12,372
21 st Century	13,925
Total Special Revenue Funds	88,208
Capital Projects Fund:	
Interactive Video Distance Learning Grant	3,500
Enterprise Funds:	
Tuition	15,861
Adult Education Entitlement	115,526
Total Enterprise Funds	131,387
Total All Funds	\$240,875

NOTE 10 - RISK MANAGEMENT

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. During fiscal year 2001, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. Professional and general liability is protected by the Nationwide Insurance Company with a \$2,000,000 single occurrence limit and no deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, an insurance purchasing pool (Note 19). The intent of the consortium is to achieve the benefit of a reduced health insurance premium for the School District by virtue of its grouping and representation with other participants in the consortium. Each participant pays its health insurance premium to the insurance provider. Participation in the consortium is limited to school districts that can meet the criteria outlined in the consortium's operating articles. The firm of Cross and Associates provides administrative services to the consortium.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$378,868, \$196,510, and \$126,073, respectively; 100 percent has been contributed for fiscal year 2001, 2000 and 1999.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Plan members are required to contribute 9 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$38,853, \$35,880, and \$39,038, respectively; 100 percent has been contributed for fiscal year 2001, 2000 and 1999.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$179,464 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 1.3 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$113,355.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit, to a maximum of fifty days.

B. Health Insurance

The School District provides life insurance and accidental death and dismemberment insurance to classified and administrative employees through Connecticut General Life Insurance Company, in the amount of \$35,000. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$757.05 for family coverage and \$306.80 for single coverage. The School District pays 70% of the family coverage premium and 100% of the single coverage premium. Vision and dental insurance are provided by Medical Benefits Mutual. Premiums for this coverage are \$28.76 single and \$88.50 family coverage. The School District pays 100% of the premium for single plans and 32% of the premium for family plans.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
2000 Capital Improvements Note - 5.50%	\$454,975	\$0	\$21,215	\$433,760
2000 Capital Improvements Note - 6.00%	204,950	0	36,321	168,629
Intergovernmental Payables	0	17,876	0	17,876
Compensated Absences	409,995	64,955	40,236	434,714
Total	\$1,069,920	\$82,831	\$97,772	\$1,054,979

Compensated absences and intergovernmental payables will be paid from the funds from which the employees' salaries are paid.

The capital improvement notes, which consist of a heating and cooling system note and a farm note, were originally issued in the amount of \$472,471 and \$204,950 respectively. The School District's overall legal

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

debt margin was \$54,175,234 with an unvoted debt margin of \$601,938 at June 30, 2001. Principal and interest requirements to retire the notes outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$60,897	\$33,112	\$94,009
2003	64,491	29,519	94,010
2004	68,228	25,782	94,010
2005	72,322	21,686	94,008
2006	27,824	18,132	45,956
2007-2011	164,145	65,638	229,783
2012-2014	144,482	16,365	160,847
	<u>\$602,389</u>	<u>\$210,234</u>	<u>\$812,623</u>

NOTE 15 - OPERATING LEASE

The School District is obligated under a certain lease accounted for as an operating lease. An operating lease does not give rise to property rights or lease obligations, and therefore the results of the lease agreement is not reflected in the School District's account groups.

The following is a schedule by years of future minimum rental payments required under the operating lease that has initial or remaining noncancelable lease terms in excess of one year as of June 30, 2001:

Fiscal Year Ending June 30, 2001	Amounts
2002	\$14,400
2003	14,400
2004	14,400
2005	14,400
2006	4,800
Total minimum payments required	<u>\$62,400</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 16 - INTERFUND TRANSACTIONS

Interfund receivables and interfund payables at June 30, 2001 consist of the following individual balances:

	Interfund Receivable	Interfund Payable
General Fund	\$146,000	\$0
Special Revenue Funds		
Career Development	0	43,700
Children's Trust	0	1,000
Vocational Education	0	57,300
Total Special Revenue Funds	0	102,000
Enterprise Funds		
Food Service	0	14,000
Adult Education	13,000	43,000
Total Enterprise Funds	13,000	57,000
Total All Funds	\$159,000	\$159,000

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for operations of food service sales and adult education tuition. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds as of and for the fiscal year ended June 30, 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Food Service	Adult Education	Total Enterprise
Operating Revenues	\$142,132	\$1,202,360	\$1,344,492
Depreciation	5,095	12,248	17,343
Operating Loss	(62,192)	(960,600)	(1,022,792)
Donated Commodities	4,423	0	4,423
Operating Grants	37,674	804,708	842,382
Net Operating Transfers	10,500	55,280	65,889
Net Income (Loss)	(9,595)	(100,612)	(110,207)
Net Working Capital	(14,702)	(56,000)	(70,702)
Fixed Asset Additions	0	24,448	24,448
Total Assets	41,708	227,698	269,406
Long Term Compensated Absences	1,776	138,755	140,531
Total Equity	18,011	(121,862)	(103,851)

NOTE 18- JOINTLY GOVERNED ORGANIZATION

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The School District paid SCOCA \$5,136 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

NOTE 19 - GROUP PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

NOTE 20 - SCHOOL FUNDING COURT DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 17, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance, June 30, 2000	\$0	\$0	\$58,092
Current Year Set-aside Requirement	78,665	78,665	0
Qualifying Disbursements	(199,865)	(120,292)	(58,092)
Total Set aside Reserve Balance, June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Set Aside Balance Carried Forward to Future Fiscal Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the Textbooks and Instructional Material set-aside amount to zero and the Capital Acquisition set-aside amount to zero. During fiscal year 2001, the Board of Education, by resolution, expended the Budget Reserve pursuant to State statute.

NOTE 22 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is not party to legal proceedings.

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

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster: Food Distribution Program	N/A	10.550	\$0	\$4,695	\$0	\$4,808
National School Breakfast Program	O5-PU01	10.553	8,808		8,808	
National School Lunch Program	LL-P101	10.555	25,694		25,694	
Total United States Department of Agriculture - Nutrition Cluster			<u>34,502</u>	<u>4,695</u>	<u>34,502</u>	<u>4,808</u>
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education:</i>						
Employment and Training Assistance (Carl Perkins)	20-C201	84.048	378,704		317,910	
Innovative Education Program	C2-S101	84.298	3,387		1,528	
Eisenhower Proficiency Development	MS-S101	84.281	887		1,425	
Learn and Serve America	SV-S199	94.004	(1,040)		6,337	
Total United States Department of Education			<u>381,938</u>	<u>0</u>	<u>327,200</u>	<u>0</u>
UNITED STATES DEPARTMENT OF TREASURY <i>Direct from Federal Government:</i>						
PELL Grant	N/A	84.063	512,837		515,510	
Total United States Department of Treasury			<u>512,837</u>	<u>0</u>	<u>515,510</u>	<u>0</u>
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Direct from Federal Government:</i>						
Aquaponics Grant	N/A	10.226	19,956		6,459	
Total United States Department of Agriculture			<u>19,956</u>	<u>0</u>	<u>6,459</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u><u>\$949,233</u></u>	<u><u>\$4,695</u></u>	<u><u>\$883,671</u></u>	<u><u>\$4,808</u></u>

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

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had \$322 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To The Board of Education:

We have audited the accompanying general purpose financial statements of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 18, 2001.

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

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

Jim Petro
Auditor of State

December 18, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The School District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, we noted a certain instance of noncompliance that do not require inclusion in this report that we have reported to the management of the School District in a separate letter dated December 18, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 18, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2002**