



**Auditor of State
Betty Montgomery**

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances Budget Basis and Actual (Non-GAAP Basis) – General Fund	20
Statement of Net Assets – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Assets – Fiduciary Funds.....	24
Notes to the Basic Financial Statements	25
Schedule of Receipts and Expenditures of Federal Awards.....	53
Notes to the Schedule of Receipts and Expenditures of Federal Awards	54
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	55
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	57
Schedule of Findings.....	59

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256-3842

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Betty Montgomery
Auditor of State

February 17, 2004

Medina County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited*

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

Financial Highlights

Key Financial Highlights for 2003 are as follows:

- General Revenues in governmental activities accounted for \$12.3 million in revenue or 95% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$683,104 or 5% of total revenues. The business-type activities had only program specific revenues totaling \$1.2 million.
- Total program expenses were \$13.5 million. \$12.4 million was in governmental activities and \$1.1 million was in business-type activities.
- In total, net assets increased \$744,411. Net assets of governmental activities increased \$417,189, which represents a 6% increase from 2002. Net assets of business-type activities increased \$327,222 or 2895% from 2002.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Medina County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited*

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

- ❑ **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- ❑ **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District adult and vocational education programs and uniform school supplies are reported as business activities.

The government wide-financial statements begin on page 13.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

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

The governmental fund financial statements begin on page 16.

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2003

Unaudited

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

The proprietary fund financial statements begin on page 22.

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

The fiduciary fund financial statements begin on page 25.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27.

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2003 compared to 2002:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$ 9,631,914	\$ 9,165,908	\$ 256,617	\$ 141,497	\$ 9,888,531	\$ 9,307,405
Capital Assets	6,894,422	6,931,689	172,499	181,595	7,066,921	7,113,284
Total Assets	16,526,336	16,097,597	429,116	323,092	16,955,452	16,420,689
Liabilities						
Long-Term Liabilities	(1,395,846)	(1,202,995)	(59,236)	(60,645)	(1,455,082)	(1,263,640)
Other Liabilities	(7,512,934)	(7,694,235)	(53,962)	(273,751)	(7,566,896)	(7,967,986)
Total Liabilities	(8,908,780)	(8,897,230)	(113,198)	(334,396)	(9,021,978)	(9,231,626)
Net Assets						
Invested in Capital Assets	6,894,422	6,931,689	172,499	181,595	7,066,921	7,113,284
Restricted	36,212	168,676	0	0	36,212	168,676
Unrestricted (Deficit)	689,922	100,002	143,419	(192,899)	830,341	(92,897)
Total Net Assets	\$ 7,617,556	\$ 7,200,367	\$ 315,918	\$ (11,304)	\$ 7,933,474	\$ 7,189,063

Total assets increased by \$534,996 with governmental assets increasing \$428,972 and business-type assets increasing \$106,024. A decrease of approximately \$46,000 in total capital assets reflects depreciation exceeding additional purchases. Total liabilities decreased by \$209,648 with business-type liabilities comprising most of that amount. This decrease was the result of a repayment of an advance from the general fund.

The net assets of the School District business-type activities increased by \$327,222 or 2895%. A large part of the increase is the advance repayment referred to above. The net assets of the School District governmental activities increased 6%.

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

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB statement 34, revenue and expense comparisons to fiscal year 2002 are not available. This table will present two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the District's financial status and possibly project future problems.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities	Business-Type Activities	Total
	2003	2003	2003
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 125,629	\$ 979,716	\$ 1,105,345
Operating Grants	557,475	269,925	827,400
<i>General Revenue:</i>			
Property Taxes	6,291,803	0	6,291,803
Grants and Entitlements	5,821,826	0	5,821,826
Other	206,011	0	206,011
Total Revenues	13,002,744	1,249,641	14,252,385
Program Expenses			
Instruction	7,253,264	0	7,253,264
Support Services	5,054,102	0	5,054,102
Operation of Non-Instructional	64,176	0	64,176
Extracurricular Activities	11,098	0	11,098
Interest and Fiscal Charges	19,875	0	19,875
Adult Education	0	762,960	762,960
Uniform School Supplies	0	157,429	157,429
Adult Community Education	0	185,070	185,070
Total Expenses	12,402,515	1,105,459	13,507,974
Increase (Decrease) in Net Assets (before transfers)	600,229	144,182	744,411
Net Transfers	(183,040)	183,040	0
Increase (Decrease) in Net Assets	\$ 417,189	\$ 327,222	\$ 744,411

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

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$12.8 million and expenses of \$12.4 million. Comparisons to 2002 have not been made since they are not available.

(Table 3)
Governmental Activities

	2003	
	Total Cost of Service	Net Cost of Service
Instruction	\$ 7,253,264	\$ 6,919,879
Support Services:		
Pupil and Instructional Staff	1,593,197	1,263,453
Board of Education, Administration, Fiscal and Business	1,780,600	1,775,600
Operation and Maintenance of Plant	1,465,090	1,465,090
Pupil Transportation and Central	215,215	200,240
Operation of Non-Instructional	64,176	64,176
Extracurricular Activities	11,098	11,098
Interest and Fiscal Charges	19,875	19,875
	<u>\$ 12,402,515</u>	<u>\$ 11,719,411</u>
Total	<u>\$ 12,402,515</u>	<u>\$ 11,719,411</u>

Instruction and Student Support Services comprise 58% of governmental program expenses. Operation/maintenance of facilities accounts for 12% of governmental program expenses.

The School District's only major governmental fund is the general fund. The fund balance in the general fund increased by \$737,622 in the current year. The major reason for this was an increase in local tax revenue and an increase in State Foundation aide due to an increase in enrollment of 100 students at the Career Center.

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2003

Unaudited

Business-Type Activities

Business-type activities include our adult education programs, vocational, and the sale of uniform school supplies. These programs had revenues of \$1,249,641 and expenses of \$1,105,459 for fiscal year 2003.

The School District's major enterprise fund is the adult education fund which had an increase in net assets of \$101,634 in 2003. This is mainly due to lower operating expenses caused by the elimination of some no profit or low profit programs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2003, the School District amended its general fund budget several times.

For the general fund, budget basis revenue was \$12.1 million, under original budget estimates of \$12.4 million. The majority of this \$300,000 variance is the result of estimated property taxes and state funds payments being \$135,000 and \$129,000 less than originally estimated by the treasurer.

Final appropriations of \$12.4 million, were \$1.2 million higher than the \$11.2 million in the first draft of the original budget. This large variance does not indicate a problem but signifies that original budget numbers were still being worked on at the time of the original submission.

Increased enrollment of 125 new students, changes in insurance costs, and a new \$500,000 medical technology lab in the planning stages added to a longer budget development time.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2003, the School District had \$7 million invested in land, buildings, equipment and textbooks. A total of \$6.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2003 balances compared with 2002.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 794,096	\$ 794,096	\$ 0	\$ 0	\$ 794,096	\$ 794,096
Buildings and Improvements	5,749,805	5,819,267	164,154	170,469	5,913,959	5,989,736
Furniture and Equipment	245,396	310,360	8,345	11,126	253,741	321,486
Vehicles	105,125	7,966	0	0	105,125	7,966
Totals	<u>\$ 6,894,422</u>	<u>\$ 6,931,689</u>	<u>\$ 172,499</u>	<u>\$ 181,595</u>	<u>\$ 7,066,921</u>	<u>\$ 7,113,284</u>

The \$46,363 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. For additional information, see Note 9.

Ohio law requires school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2003, this amounted to \$112,620 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District disbursed \$907,487, with the remainder scheduled to be carried forward into the 2004 fiscal year. See Note 23 for further explanation.

Current Issues

The Medina County Joint Vocational School District's effective tax millage is approximately 2 mills. By law, this allows the School District to see revenue growth on the increased property values of the district.

The School District has also seen an increase in student enrollment. Enrollment grew about 125 students between fiscal years ended June 30, 2002 and June 30, 2003 with increasing enrollment in the coming year. With this growth comes additional state foundation revenue.

Insurance costs continue to be an increasing expense as is the case nationally. For the fiscal year June 30, 2003 negotiations, the Board and Teachers Union agreed to reduce the number of insurance plans available to employees from three to one. This one plan through Medical Mutual provided the greatest discounts for services provided. This plan will be reviewed each year to determine its effectiveness at reducing insurance costs.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Medina County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited*

Contacting the School District's Financial Management

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

This page intentionally left blank.

Medina County Joint Vocational School
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,957,310	\$ 224,369	\$ 3,181,679
Receivables:			
Taxes	6,335,167	0	6,335,167
Accounts	1,502	1,200	2,702
Intergovernmental	222,075	0	222,075
Inventory	115,860	31,048	146,908
Nondepreciable Capital Assets	794,096	0	794,096
Depreciable Capital Assets (Net)	6,100,326	172,499	6,272,825
<i>Total Assets</i>	<u>16,526,336</u>	<u>429,116</u>	<u>16,955,452</u>
Liabilities			
Accounts Payable	123,680	7,625	131,305
Contracts Payable	70,379	0	70,379
Accrued Wages and Benefits	972,757	29,086	1,001,843
Intergovernmental Payable	252,810	17,251	270,061
Deferred Revenue	5,793,308	0	5,793,308
Notes Payable	300,000	0	300,000
Long Term Liabilities:			
Due Within One Year	48,537	4,127	52,664
Due Within More Than One Year	1,347,309	55,109	1,402,418
<i>Total Liabilities</i>	<u>8,908,780</u>	<u>113,198</u>	<u>9,021,978</u>
Net Assets			
Invested in Capital Assets	6,894,422	172,499	7,066,921
Restricted for:			
Other Purposes	36,212	0	36,212
Unrestricted	686,922	143,419	830,341
<i>Total Net Assets</i>	<u>\$ 7,617,556</u>	<u>\$ 315,918</u>	<u>\$ 7,933,474</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 1,936,981	\$ 0	\$ 257	\$ 0
Special	175,925	0	0	0
Vocational	4,987,925	125,629	132,508	0
Adult Continuing	152,433	0	74,991	0
Support Services:				
Pupils	1,197,121	0	246,501	0
Instructional Staff	396,076	0	83,243	0
Board of Education	28,064	0	0	0
Administration	1,147,245	0	5,000	0
Fiscal	416,098	0	0	0
Business	189,193	0	0	0
Operation and Maintenance of Plant	1,465,090	0	0	0
Pupil Transportation	103,538	0	0	0
Central	111,677	0	14,975	0
Operation of Non-Instructional Services	64,176	0	0	0
Extracurricular Activities	11,098	0	0	0
Interest and Fiscal Charges	19,875	0	0	0
<i>Total Governmental Activities</i>	<u>12,402,515</u>	<u>125,629</u>	<u>557,475</u>	<u>0</u>
Business-Type Activities				
Adult Education	762,960	594,669	269,925	0
Uniform Supplies	157,429	150,497	0	0
Vocational Education	185,070	234,550	0	0
<i>Total Business-Type Activities</i>	<u>1,105,459</u>	<u>979,716</u>	<u>269,925</u>	<u>0</u>
<i>Totals</i>	<u>\$ 13,507,974</u>	<u>\$ 1,105,345</u>	<u>\$ 827,400</u>	<u>\$ 0</u>

General Revenues

Property Taxes Levied for:
General Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,936,724)	\$ 0	\$ (1,936,724)
(175,925)	0	(175,925)
(4,729,788)	0	(4,729,788)
(77,442)	0	(77,442)
(950,620)	0	(950,620)
(312,833)	0	(312,833)
(28,064)	0	(28,064)
(1,142,245)	0	(1,142,245)
(416,098)	0	(416,098)
(189,193)	0	(189,193)
(1,465,090)	0	(1,465,090)
(103,538)	0	(103,538)
(96,702)	0	(96,702)
(64,176)	0	(64,176)
(11,098)	0	(11,098)
(19,875)	0	(19,875)
(11,719,411)	0	(11,719,411)
0	101,634	101,634
0	(6,932)	(6,932)
0	49,480	49,480
0	144,182	144,182
\$ (11,719,411)	\$ 144,182	\$ (11,575,229)
6,291,803	0	6,291,803
5,821,826	0	5,821,826
41,583	0	41,583
160,112	0	160,112
4,316	0	4,316
12,319,640	0	12,319,640
(183,040)	183,040	0
417,189	327,222	744,411
7,200,367	(11,304)	7,189,063
\$ 7,617,556	\$ 315,918	\$ 7,933,474

Medina County Joint Vocational School
Balance Sheet
Governmental Funds
June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,778,399	\$ 96,987	\$ 2,875,386
Cash and Cash Equivalents:			
Restricted Cash	81,924	0	81,924
Receivables:			
Taxes	6,335,167	0	6,335,167
Accounts	1,502	0	1,502
Interfund	136,140	0	136,140
Intergovernmental	102,972	119,103	222,075
Inventory	115,860	0	115,860
<i>Total Assets</i>	<u>\$ 9,551,964</u>	<u>\$ 216,090</u>	<u>\$ 9,768,054</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 115,060	\$ 8,620	\$ 123,680
Contracts Payable	70,379	0	70,379
Accrued Wages and Benefits	949,989	22,768	972,757
Interfund Payable	0	136,140	136,140
Intergovernmental Payable	234,267	6,719	240,986
Deferred Revenue	5,959,329	119,103	6,078,432
Notes Payable	300,000	0	300,000
<i>Total Liabilities</i>	7,629,024	293,350	7,922,374
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	128,874	514	129,388
Reserved for Inventory	115,860	0	115,860
Reserved for Tax Revenue Unavailable for Appropriation	375,838	0	375,838
Reserved for Budget Stabilization	81,924	0	81,924
Unreserved:			
Undesignated, Unreserved Reported in:			
General Fund	1,220,444	0	1,220,444
Special Revenue Funds	0	(77,774)	(77,774)
<i>Total Fund Balances</i>	<u>1,922,940</u>	<u>(77,260)</u>	<u>1,845,680</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 9,551,964</u>	<u>\$ 216,090</u>	<u>\$ 9,768,054</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2003*

Total Governmental Fund Balances	\$	1,845,680
----------------------------------	----	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		6,894,422
--	--	-----------

Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.

Grants	119,103	
Delinquent Property Taxes	166,021	285,124

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.

Compensated Absences	(1,395,846)	
Intergovernmental Payable	(11,824)	(1,407,670)

Net Assets of Governmental Activities	\$	7,617,556
---------------------------------------	----	-----------

Medina County Joint Vocational School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 6,274,237	\$ 0	\$ 6,274,237
Intergovernmental	5,821,826	586,637	6,408,463
Investment Income	41,583	0	41,583
Tuition and Fees	125,629	0	125,629
Miscellaneous	103,038	57,307	160,345
<i>Total Revenues</i>	12,366,313	643,944	13,010,257
Expenditures:			
Current:			
Instruction:			
Regular	1,816,375	312	1,816,687
Special	167,523	0	167,523
Vocational	4,551,133	152,309	4,703,442
Adult Continuing	28,777	122,333	151,110
Support Services:			
Pupils	870,343	310,445	1,180,788
Instructional Staff	292,124	118,228	410,352
Board of Education	28,064	0	28,064
Administration	1,075,462	8,829	1,084,291
Fiscal	389,405	0	389,405
Business	189,964	0	189,964
Operation and Maintenance of Plant	1,424,381	1,470	1,425,851
Pupil Transportation	88,338	0	88,338
Central	94,589	14,983	109,572
Operation of Non-Instructional Services	61,786	285	62,071
Extracurricular Activities	0	11,098	11,098
Capital Outlay	351,828	0	351,828
Interest and Fiscal Charges	19,875	0	19,875
<i>Total Expenditures</i>	11,449,967	740,292	12,190,259
<i>Excess of Revenues Over (Under) Expenditures</i>	916,346	(96,348)	819,998
Other Financing Sources (Uses):			
Proceeds From Sales of Capital Assets	4,316	0	4,316
Transfers Out	(183,040)	0	(183,040)
<i>Total Financing Sources and (Uses)</i>	(178,724)	0	(178,724)
<i>Net Change in Fund Balance</i>	737,622	(96,348)	641,274
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,159,914	19,088	1,179,002
<i>Increase (Decrease) in Reserve for Inventory</i>	25,404	0	25,404
<i>Fund Balance (Deficit) at End of Year</i>	\$ 1,922,940	\$ (77,260)	\$ 1,845,680

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	\$	641,274
--	----	---------

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

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

Capital Asset Additions	244,673	
Current Year Depreciation	<u>(281,940)</u>	(37,267)

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

Grants	(30,485)	
Delinquent Property Taxes	<u>17,566</u>	(12,919)

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

Compensated Absences	(192,851)	
Pension Obligation	(6,219)	
Change in Inventory	<u>25,404</u>	(173,666)

The internal service fund used by management to charge the costs of insurance to individual funds is reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.

		<u>(233)</u>
--	--	--------------

Change in Net Assets of Governmental Activities:	\$	<u><u>417,189</u></u>
--	----	-----------------------

Medina County Joint Vocational School
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 6,251,003	\$ 6,116,455	\$ 6,116,455	\$ 0
Intergovernmental	5,962,077	5,833,748	5,833,748	0
Investment Income	42,498	41,583	41,583	0
Tuition and Fees	85,267	83,432	83,432	0
Miscellaneous	105,305	103,038	103,038	0
<i>Total Revenues</i>	<u>12,446,150</u>	<u>12,178,256</u>	<u>12,178,256</u>	<u>0</u>
Expenditures:				
Current				
Instruction	6,381,336	6,697,713	6,697,713	0
Support Services				
Pupils	854,698	852,845	852,845	0
Instructional Staff	296,221	302,135	302,135	0
Board of Education	16,303	28,714	28,714	0
Administration	989,569	1,066,482	1,066,482	0
Fiscal	412,629	397,859	397,859	0
Business	214,370	193,657	193,657	0
Operation and Maintenance of Plant	1,205,109	1,656,573	1,591,573	65,000
Pupil Transportation	80,289	91,170	91,170	0
Central	106,091	108,819	108,819	0
Operation of Non-Instructional Services	41,800	39,047	39,047	0
Capital Outlay	417,000	797,175	397,175	400,000
Interest and Fiscal Charges	169,875	169,875	169,875	0
<i>Total Expenditures</i>	<u>11,185,290</u>	<u>12,402,064</u>	<u>11,937,064</u>	<u>465,000</u>
Excess of Revenues Over (Under) Expenditures	1,260,860	(223,808)	241,192	465,000
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	0	4,316	4,316	0
Refund of Prior Year Expenditures	0	90,011	90,011	0
Refund of Prior Year Receipts	0	(11,922)	(11,922)	0
Advances In	415,800	415,800	415,800	0
Advances Out	(200,000)	(190,036)	(190,036)	0
Transfers Out	(180,000)	(183,040)	(183,040)	0
<i>Total Other Financing Sources (Uses)</i>	<u>35,800</u>	<u>125,129</u>	<u>125,129</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,296,660	(98,679)	366,321	465,000
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,755,361	1,755,361	1,755,361	0
Prior Year Encumbrances Appropriated	424,328	424,328	424,328	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,476,349</u>	<u>\$ 2,081,010</u>	<u>\$ 2,546,010</u>	<u>\$ 465,000</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School

Statement of Net Assets

Proprietary Funds

June 30, 2003

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 153,340	\$ 71,029	\$ 224,369
Interfund Receivable	0	0	0
Inventory	0	31,048	31,048
<i>Total Current Assets</i>	153,340	102,077	255,417
Non Current Assets:			
Depreciable Capital Assets (Net)	172,499	0	172,499
<i>Total Assets</i>	325,839	102,077	427,916
Liabilities			
Current Liabilities:			
Accounts Payable	2,118	5,507	7,625
Accrued Wages and Benefits	29,086	0	29,086
Vacations Payable	4,127	0	4,127
Intergovernmental Payable	17,251	0	17,251
<i>Total Current Liabilities</i>	52,582	5,507	58,089
Long Term Liabilities:			
Compensated Absences	55,109	0	55,109
<i>Total Liabilities</i>	107,691	5,507	113,198
Net Assets			
Invested in Capital Assets	172,499	0	172,499
Unrestricted	46,849	96,570	143,419
<i>Total Net Assets</i>	\$ 219,348	\$ 96,570	\$ 315,918

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities			Governmental
	Adult Education	NonMajor Enterprise Funds	Total	Activities - Internal Service Fund
Operating Revenues:				
Tuition	\$ 558,171	\$ 0	\$ 558,171	\$ 0
Sales	36,498	208,905	245,403	0
Home Sale	0	176,142	176,142	0
<i>Total Operating Revenues</i>	<u>594,669</u>	<u>385,047</u>	<u>979,716</u>	<u>0</u>
Operating Expenses:				
Salaries	483,022	0	483,022	0
Fringe Benefits	126,900	0	126,900	0
Purchased Services	69,892	61,851	131,743	233
Materials and Supplies	66,323	257,105	323,428	0
Depreciation	9,096	0	9,096	0
Capital Outlay	1,419	16,557	17,976	0
Other Operating Expenses	6,308	6,986	13,294	0
<i>Total Operating Expenses</i>	<u>762,960</u>	<u>342,499</u>	<u>1,105,459</u>	<u>233</u>
Operating income (loss)	<u>(168,291)</u>	<u>42,548</u>	<u>(125,743)</u>	<u>(233)</u>
Non-Operating Revenues (Expenses):				
Grants	269,925	0	269,925	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>269,925</u>	<u>0</u>	<u>269,925</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	101,634	42,548	144,182	(233)
Transfers in	0	183,040	183,040	0
<i>Change in Net Assets</i>	101,634	225,588	327,222	(233)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>117,714</u>	<u>(129,018)</u>	<u>(11,304)</u>	<u>233</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 219,348</u>	<u>\$ 96,570</u>	<u>\$ 315,918</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities			Governmental
	Adult Education	NonMajor Enterprise Funds	Total	Activities - Internal Service Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 593,469	\$ 385,047	\$ 978,516	\$ 0
Cash Paid for Goods and Services	(145,045)	(333,716)	(478,761)	(233)
Cash Paid to Employees	(632,349)	0	(632,349)	0
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(183,925)</u>	<u>51,331</u>	<u>(132,594)</u>	<u>(233)</u>
Cash Flows From Non-Capital Financing Activities:				
Transfers from Other Funds	0	183,040	183,040	0
Loans to Other Funds	(50,000)	(200,000)	(250,000)	0
Loans from Other Funds	50,000	0	50,000	0
Grants Received	269,925	0	269,925	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>269,925</u>	<u>(16,960)</u>	<u>252,965</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	86,000	34,371	120,371	(233)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>66,140</u>	<u>36,658</u>	<u>102,798</u>	<u>233</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 152,140</u>	<u>\$ 71,029</u>	<u>\$ 223,169</u>	<u>\$ 0</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Operating Income (Loss)	\$ (168,291)	\$ 42,548	\$ (125,743)	\$ (233)
Adjustments:				
Depreciation	9,096	0	9,096	0
(Increase) Decrease Assets				
Inventory	0	6,451	6,451	0
Increase (Decrease) in Liabilities				
Accounts Payable	(1,103)	2,332	1,229	0
Accrued Wages and Benefits	(14,271)	0	(14,271)	0
Compensated Absences Payable	(1,409)	0	(1,409)	0
Due to Other Governments	(6,747)	0	(6,747)	0
<i>Total Adjustments</i>	<u>(14,434)</u>	<u>8,783</u>	<u>(5,651)</u>	<u>0</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (182,725)</u>	<u>\$ 51,331</u>	<u>\$ (131,394)</u>	<u>\$ (233)</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2003

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>82,357</u>
Liabilities	
Accounts Payable	\$ 1,200
Undistributed Monies	<u>81,157</u>
<i>Total Liabilities</i>	<u>\$ 82,357</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 1 - Description of The School District

The Medina County Joint Vocational School District also known as the Medina County Career Center is a vocational high school.

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

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

Reporting Entity

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

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Lake Erie Educational Computer Association, the Ohio Schools Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 10 and 16 to the basic financial statements.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

B. Fund Accounting

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

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

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

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

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

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

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

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

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

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2003, investments were limited to repurchase agreements and STAROhio, (the State Treasurer's Investment Pool).

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$41,583, which includes \$1,672 assigned from other School District funds.

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

F. Inventory

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

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to create a reserve for budget stabilization. See Note 23 for additional information regarding set asides.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Buildings and Improvements	10 - 40 Years	10 - 40 Years
Furniture and Fixtures	5 - 20 Years	20 Years
Vehicles	13 Years	N/A

I. Interfund Balances

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult and vocational education classes, sales of uniform school supplies, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

O. Interfund Activity

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

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

P. Estimates

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

Q. Budgetary Data

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. 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 provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the 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.

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

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 3 – Change in Accounting Principle and Restatement of Fund Balances/Net Assets

Changes in Accounting Principles For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement No. 41, “Budgetary Comparison Schedules - Perspective Differences”, and GASB Interpretation No. 6 “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the School District’s programs between business-type and governmental activities. Business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

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

Restatement of Fund Balance The following describes the transition from governmental fund balance to net assets of the governmental activities.

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	<u>\$ 1,159,914</u>	<u>\$ 19,088</u>	\$ 1,179,002
GASB 34 Adjustments:			
Capital Assets			6,931,689
Compensated Absences			(1,202,995)
Internal Service Fund			233
Pension Obligations			(5,605)
Long-Term (Deferred) Assets			<u>298,043</u>
Governmental Activities Net Assets, June 30, 2002			<u>\$ 7,200,367</u>

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 4 – Fund Deficits

Fund balances/net assets at June 30, 2003 included the following individual fund deficits:

	<u>Deficit</u>
Special Revenue Funds:	
Full Service	\$ 3,026
Public Preschool	4,842
Teacher Development	6,234
Able	21,313
Perkins	67,409
Title VI	3,123
Title IV	1,015
Title II	3,550

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

Note 5 - Budgetary Basis of Accounting

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

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

Net Change in Fund Balance

GAAP Basis	\$ 737,622
Net Adjustment for Revenue Accruals	(513,846)
Advance In	415,800
Advance Out	(190,036)
Net Adjustment for Expenditure Accruals	231,094
Adjustment for Encumbrances	<u>(314,313)</u>
Budget Basis	<u>\$ 366,321</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 or deposit 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.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

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

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Cash on Hand: At year end, the School District had \$3,680 in undeposited cash on hand which is included on the financial statements of the School District as part of equity in pooled cash and cash equivalents.

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 \$282,743 and the bank balance was \$319,383. Of the bank balance:

1. \$100,000 of the bank balance was covered by depository insurance; and
2. \$219,383 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement No. 3 requires the School District's investments to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$ 120,000	\$ 120,000	\$ 120,000
STAROhio		<u>2,861,313</u>	<u>2,861,313</u>
Totals		<u>\$ 2,981,313</u>	<u>\$ 2,981,313</u>

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Medina, Lorain, and Summit Counties. The County Auditors and Fiscal Officers periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end.. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$375,838 and is recognized as revenue in the general fund.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections Valuation	%	2003 First Half Collections Amount	%
Real Property				
Residential/Agricultural	\$ 2,313,851,950	74.28%	\$ 2,441,800,590	75.05%
Commerical/Industrial	451,594,270	14.50%	459,448,390	14.12%
Tangible Personal Property				
General	84,497,350	2.71%	87,891,410	2.70%
Public Utilities	265,162,982	8.51%	264,534,684	8.13%
Total Assessed Valuation	<u>\$ 3,115,106,552</u>	<u>100.00%</u>	<u>\$ 3,253,675,074</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.05		\$3.05	

Note 8 - Receivables

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental receivables consisted of \$119,103 in various special revenue funds for operating grants and \$102,972 in general fund due from other school districts for tuition.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 9 - Capital Assets

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

	<u>6/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/03</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>	\$ 794,096	\$ 0	\$ 0	\$ 794,096
Land				
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	9,445,421	93,517	0	9,538,938
Furniture and Equipment	1,073,456	29,500	(136,269)	966,687
Vehicles	<u>122,017</u>	<u>121,656</u>	<u>0</u>	<u>243,673</u>
Total Capital Assets, being depreciated	10,640,894	244,673	(136,269)	10,749,298
Less Accumulated Depreciation:				
Buildings and Improvements	(3,626,154)	(162,979)	0	(3,789,133)
Furniture and Equipment	(763,096)	(94,464)	136,269	(721,291)
Vehicles	<u>(114,051)</u>	<u>(24,497)</u>	<u>0</u>	<u>(138,548)</u>
Total Accumulated Depreciation	<u>(4,503,301)</u>	<u>(281,940)</u>	<u>136,269</u>	<u>(4,648,972)</u>
Total Capital Assets being depreciated, net	<u>6,137,593</u>	<u>(37,267)</u>	<u>0</u>	<u>6,100,326</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,931,689</u>	<u>\$ (37,267)</u>	<u>\$ 0</u>	<u>\$ 6,894,422</u>
Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Buildings	347,289	0	0	347,289
Furniture and Equipment	<u>22,250</u>	<u>0</u>	<u>0</u>	<u>22,250</u>
Total Capital Assets, being depreciated	369,539	0	0	369,539
Less Accumulated Depreciation:				
Buildings	(176,820)	(6,315)	0	(183,135)
Furniture and Equipment	<u>(11,124)</u>	<u>(2,781)</u>	<u>0</u>	<u>(13,905)</u>
Total Accumulated Depreciation	<u>(187,944)</u>	<u>(9,096)</u>	<u>0</u>	<u>(197,040)</u>
Total Capital Assets being depreciated, net	<u>181,595</u>	<u>(9,096)</u>	<u>0</u>	<u>172,499</u>
Business-Type Activities Assets, Net	<u>\$ 181,595</u>	<u>\$ (9,096)</u>	<u>\$ 0</u>	<u>\$ 172,499</u>

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction:	
Regular	\$ 90,546
Special	5,524
Vocational	125,532
Support Services:	
Pupil	2,105
Instructional Staff	10,524
Administration	8,420
Fiscal	9,405
Operation and Maintenance of Plant	10,474
Pupil Transportaion	15,200
Central	2,105
Operation of Non-Instructional Services	2,105
	<hr/>
Total Depreciation	\$ 281,940
	<hr/> <hr/>
 Business-Type Activities:	
Adult Education	\$ 9,096
	<hr/> <hr/>

Note 10 - Risk Management

A. Property and Liability

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

The School District through the Ohio Schools Council has a comprehensive property and casualty policy with Indiana Insurance and boiler coverage through Travelers Insurance. The deductible is \$2,500 per incident. Fleet coverage is provided by the Ohio School Plan and Hartford Reinsurance with a \$3,000,000 limit and a \$500 deductible. The School District has a liability policy through the Ohio School Plan and The Hartford Insurance Company with a \$3,000,000 limit. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no reduction in coverage from the prior year.

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

B. Workers' Compensation

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

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

The School District's internal service fund accounts for a "Section 125" employee benefits plan. The plan allows employees to designate payroll deductions, on a pre-tax basis, for medical copayments and childcare expenses. A third party administrator reviews and pays all claims on behalf of the School District. Claims are limited to contributions paid into the self insurance fund. Contributions not paid out in claims during the year are forfeited to the School District.

Note 11 – Compensated Absences

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

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

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 12- Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 9% 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% 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 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$317,993, \$323,553 and \$272,472 respectively; 90% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001.

B. State Teachers Retirement System

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$802,607, \$823,372, and \$799,010 respectively; 75% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$ 1,461 made by the School District and \$ 5,369 made by the plan members.

Note 13 - 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 health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$57,148 during the 2003 fiscal year.

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

For SERS, coverage is made available to service retirees with ten or more 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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the School

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$213,410.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS had approximately 50,000 participants currently receiving health care benefits.

Note 14 - Long - Term Obligations

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

	<u>Outstanding 6/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/03</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,202,995	\$ 257,814	\$ 64,963	\$ 1,395,846	\$ 48,537
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,202,995</u>	<u>\$ 257,814</u>	<u>\$ 64,963</u>	<u>\$ 1,395,846</u>	<u>\$ 48,537</u>
Business-Type Activities					
Compensated Absences	<u>\$ 60,645</u>	<u>\$ 4,127</u>	<u>\$ 5,536</u>	<u>\$ 59,236</u>	<u>\$ 4,127</u>

Note 15 - Operating Leases

The School District leases certain photocopiers under noncancellable operating leases. Total costs were \$63,267 for such leases for the Fiscal Year Ended June 30, 2003. The future minimum lease payments, in the amount of \$5,890, will conclude during the Fiscal Year Ending June 30, 2004.

The remaining future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2004	<u>5,890</u>
Total	<u><u>\$ 5,890</u></u>

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 16 - Jointly Governed Organizations

A. Lake Erie Educational Computer Association (LEECA)

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

B. Ohio Schools Council

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

The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio.

Medina County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 17 – Segment Information for NonMajor Enterprise Funds

The School District's nonmajor enterprise funds are used to account for the operation of uniform school supplies and vocational education. Segment information related to these funds is as follows:

	Uniform Supplies	Vocational Education	Total
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current Assets	\$ 34,981	\$ 67,096	\$ 102,077
Total Assets	34,981	67,096	102,077
Liabilities:			
Current Liabilities	4,473	1,034	5,507
Total Assets	4,473	1,034	5,507
Net Assets:			
Unrestricted	30,508	66,062	96,570
Total Net Assets	\$ 30,508	\$ 66,062	\$ 96,570

**CONDENSED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

Sales	\$ 150,497	\$ 58,408	\$ 208,905
Home Sale	0	176,142	176,142
Operating Expenses	(157,429)	(185,070)	385,047
Operating Income	(6,932)	49,480	770,094
Transfer In	0	183,040	183,040
Change in Net Assets	(6,932)	232,520	953,134
Beginning Net Assets	37,440	(166,458)	(129,018)
Ending Net Assets	\$ 30,508	\$ 66,062	\$ 824,116

CONDENSED STATEMENT OF CASH FLOWS

Net Cash Provided (Used) By:			
Operating Activities	\$ 2,907	\$ 48,424	\$ 51,331
Noncapital Financing Activities	0	(16,960)	(16,960)
Net Increase (Decrease)	2,907	31,464	34,371
Beginning Cash and Cash Equivalents	1,026	35,632	36,658
Ending Cash and Cash Equivalents	\$ 3,933	\$ 67,096	\$ 71,029

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 18 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2003.

Note 19 - Interfund Transfers

Transfers made during fiscal year 2003 were \$183,040 to the vocational rotary fund from the general fund. These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 20 - Interfund Balances

On the fund financial statements, the general fund reported an interfund receivable at June 30, 2003 of \$136,140. The following special revenue funds had payables that total that amount.

	<u>Amount</u>
Career Development	\$ 20,000
Able	25,000
Full Service	3,375
Perkins	79,104
Title V	3,610
Title IV	1,501
Title II-A	<u>3,550</u>
Total	<u>\$ 136,140</u>

These loans were due to the timing of grant revenue receipts.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 21 – Contractual Commitments

As of June 30, 2003 the School District had contractual commitments outstanding for renovations for medical technologies as follows:

	<u>Balance 6/30/2003</u>
Kohanski, Arnold and Chin	
Architectural Services	\$ 60,000
Roetzel Construction	
Construction	221,500
Gene's Refrigeration, Inc.	
Plumbing	37,900
HVAC	23,000
Steingass Mechanical Contracting, Inc.	
Fire Protection	24,800
Steen Electric, Inc.	
Electrical	<u>48,200</u>
	<u>\$ 415,400</u>

Note 22 – Tax Anticipation Notes

Debt outstanding at June 30, 2003 was as follows:

Tax Anticipation Notes, Series 1999 balance at June 30, 2003

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/03</u>
Tax Anticipation Note				
5.3% Interest Rate	<u>\$ 450,000</u>	<u>\$ 0</u>	<u>\$ (150,000)</u>	<u>\$ 300,000</u>

The tax anticipation notes were issued by the School District on November 23, 1999. Principal installment payments began on December 1, 2000, and are payable, with interest, semi-annually on June 1 and December 1 through 2005. The notes were initially issued in anticipation of the collection of a fraction of the proceeds of an additional tax levy in excess of the ten-mill limitation approved by the electors of the School District on May 7, 1991 for the purpose of current expenses. Total interest to be paid over the remaining life of the loan is \$15,900.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Amortization of the above notes is scheduled as follows:

<u>June 30,</u>	<u>Amount</u>
2004	\$ 150,000
2005	<u>150,000</u>
 Total	 <u><u>\$ 300,000</u></u>

Note 23 - Set-Asides

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

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the School Districts' establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the act.

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

	<u>Budget Stabilization Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Textbooks Instructional Materials Reserve</u>	<u>Total</u>
Set-Aside Cash Balance as of June 30, 2003	\$ 81,924	\$ 0	\$ 0	\$ 81,924
Set-Aside Carryover Balance as of June 30, 2003	0	0	(786,555)	(786,555)
Current Year Set-Aside Requirement	0	112,620	112,620	225,240
Qualifying Disbursements	0	(554,710)	(907,487)	(1,462,197)
Total	<u>\$ 81,924</u>	<u>\$ (442,090)</u>	<u>\$ (1,581,422)</u>	<u>\$ (1,941,588)</u>
Cash Balance Carried Forward FY 2004	<u>\$ 81,924</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 81,924</u>
Amount to Restrict for Set-Asides				<u>\$ 81,924</u>
Total Restricted Assets				<u><u>\$ 81,924</u></u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. The total budget stabilization reserve balance for the set-asides at the end of the fiscal year was \$81,924.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

Note 24 – State School Funding Decision

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

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

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

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

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Number	Pass Through Entity	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Direct</i>					
Federal Pell Grant Program	84.063		062109	\$48,583	\$48,583
<i>Passed through the Ohio Department of Education</i>					
Vocational Education - Basic Grants to States	84.048	VEASFC-2002-21	062109	25,000	25,000
		VECPH-A03-066		46,130	66,936
		VECPH-S03-066		197,397	225,641
		VECPH-A02-066		10,674	1,562
		VECPH-S02-066		66,504	23,001
		VENDC-2002-12-062109		3,225	3,225
Total Vocational Education - Basic Grants to States				<u>345,705</u>	<u>345,365</u>
Adult Education - State Grant Program	84.002	AB-S1-2002	062109	30,003	18,296
		AB-S1-2003		57,198	81,089
				<u>87,201</u>	<u>99,385</u>
Title IVA Drug Free	84.186			330	1,345
Title IIA Improvement Teacher Grant	84.367			779	4,329
Innovative Education Program Strategies	84.298	C2-S1 2003	062109	793	3,917
Totals				<u>\$483,391</u>	<u>\$502,924</u>

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

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



Auditor of State Betty Montgomery

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

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256-3842

To the Board of Education:

We have audited the basic financial statements of the Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 17, 2004, in which we noted the District adopted Governmental Accounting Standards Board Statement 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 17, 2004.

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

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

Betty Montgomery
Auditor of State

February 17, 2004



Auditor of State Betty Montgomery

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

Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256-3842

To the Board of Education:

Compliance

We have audited the compliance of the Medina County Joint Vocational School District, Medina County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

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 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.

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

Betty Montgomery
Auditor of State

February 17, 2004

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

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2004**