



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Ashland County – West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 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.

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

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

Betty Montgomery
Auditor of State

January 7, 2004

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 316,428	\$ 162,759	\$ 2,201
Restricted Cash and Cash Equivalents	12,036	0	0
Cash and Cash Equivalents:			
With Fiscal Agents	0	0	0
Receivables:			
Taxes	2,553,192	0	426,459
Accounts	1,064	8,282	0
Interfund	54,529	0	0
Intergovernmental	0	79,667	0
Prepaid Items	270	15,684	0
Materials and Supplies	0	0	0
Fixed Assets (Net)	0	0	0
Inventory Held for Resale	0	0	0
Other Debits			
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$ 2,937,519	\$ 266,392	\$ 428,660
Liabilities			
Accounts Payable	\$ 13,715	\$ 5,439	\$ 0
Contracts Payable	1,800	0	19,500
Accrued Wages and Benefits	418,107	45,699	0
Compensated Absences Payable	48,585	1,205	0
Interfund Payable	0	35,371	19,158
Intergovernmental Payable	85,268	13,635	0
Deferred Revenue	2,167,692	48,858	362,069
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
OWDA Loan Payable	0	0	0
General Obligation Bonds Payable	0	0	0
Total Liabilities	2,735,167	150,207	400,727
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Retained Earnings	0	0	0
Fund Balance:			
Reserve for Encumbrances	937	0	2,199
Reserve for Termination Benefits	0	14,854	0
Reserved for Endowment	0	0	0
Reserved for BWC Refund	12,036	0	0
Reserved for Taxes Unavailable for Appropriation	385,500	0	64,390
Designated	84,225	0	0
Unreserved (Deficit): Undesignated	(280,346)	101,331	(38,656)
Total Fund Equity and Other Credits	202,352	116,185	27,933
Total Liabilities, Fund Equity and Other Credits	\$ 2,937,519	\$ 266,392	\$ 428,660

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 4,347	\$ 0	\$ 54,807	\$ 0	\$ 0	\$ 540,542
0	0	0	0	0	12,036
0	216,982	0	0	0	216,982
0	0	0	0	0	2,979,651
0	0	0	0	0	9,346
0	0	0	0	0	54,529
1,446	0	0	0	0	81,113
0	0	0	0	0	15,954
472	0	0	0	0	472
7,300	0	0	9,134,475	0	9,141,775
1,538	0	0	0	0	1,538
0	0	0	0	528,307	528,307
0	0	0	0	422,590	422,590
<u>\$ 15,103</u>	<u>\$ 216,982</u>	<u>\$ 54,807</u>	<u>\$ 9,134,475</u>	<u>\$ 950,897</u>	<u>\$ 14,004,835</u>
\$ 0	\$ 0	\$ 700	\$ 0	\$ 0	\$ 19,854
0	0	0	0	0	21,300
5,325	0	0	0	0	469,131
4,973	0	0	0	376,842	431,605
0	0	0	0	0	54,529
3,657	0	0	0	7,676	110,236
0	0	0	0	0	2,578,619
0	0	22,792	0	0	22,792
0	90,634	0	0	0	90,634
0	0	0	0	38,072	38,072
0	0	0	0	278,307	278,307
0	0	0	0	250,000	250,000
<u>13,955</u>	<u>90,634</u>	<u>23,492</u>	<u>0</u>	<u>950,897</u>	<u>4,365,079</u>
0	0	0	9,134,475	0	9,134,475
1,148	126,348	0	0	0	127,496
0	0	0	0	0	3,136
0	0	0	0	0	14,854
0	0	11,127	0	0	11,127
0	0	0	0	0	12,036
0	0	0	0	0	449,890
0	0	0	0	0	84,225
0	0	20,188	0	0	(197,483)
<u>1,148</u>	<u>126,348</u>	<u>31,315</u>	<u>9,134,475</u>	<u>0</u>	<u>9,639,756</u>
<u>\$ 15,103</u>	<u>\$ 216,982</u>	<u>\$ 54,807</u>	<u>\$ 9,134,475</u>	<u>\$ 950,897</u>	<u>\$ 14,004,835</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances

All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$ 2,444,940	\$ 0	\$ 0
Intergovernmental	1,910,377	1,114,823	0
Investment Income	12,054	0	0
Tuition and Fees	12,560	367,756	0
Miscellaneous	76,693	74,367	0
Total Revenues	4,456,624	1,556,946	0
Expenditures			
Instruction:			
Regular	395,197	17,104	0
Special	136,176	110	0
Vocational	2,171,370	223,490	0
Adult Continuing	108,076	1,172,944	0
Support Services:			
Pupils	264,145	70,318	0
Instructional Staff	166,655	55,474	0
Board of Education	76,307	0	0
Administration	607,467	27,271	0
Fiscal	245,545	13,945	0
Business	2,715	3,500	0
Operation and Maintenance of Plant	487,300	4,843	0
Pupil Transportation	3,440	1,837	0
Central	1,717	50,965	0
Operation of Non-Instructional Services	0	27,857	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	102,957
Interest and Fiscal Charges	0	0	20,793
Total Expenditures	4,666,110	1,669,658	123,750
Excess of Revenues Over (Under) Expenditures	(209,486)	(112,712)	(123,750)
Other Financing Sources (Uses)			
Proceeds of Loans	0	0	0
Proceeds from Sales of Fixed Assets	107	0	0
Operating Transfers In	0	101,630	123,750
Operating Transfers Out	(101,630)	0	0
Total Other Financing Sources (Uses)	(101,523)	101,630	123,750
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(311,009)	(11,082)	0
Fund Balance at Beginning of Year	513,361	117,956	0
Residual Equity Transfer In	0	9,311	0
Fund Balance at End of Year	\$ 202,352	\$ 116,185	\$ 0

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ 405,732	\$ 0	\$ 2,850,672
41,281	0	3,066,481
154	164	12,372
0	0	380,316
25	8,130	159,215
<u>447,192</u>	<u>8,294</u>	<u>6,469,056</u>
5,675	0	417,976
447	0	136,733
36,697	0	2,431,557
0	0	1,281,020
0	0	334,463
0	0	222,129
0	0	76,307
0	0	634,738
20,092	0	279,582
24,760	2,450	33,425
63,959	700	556,802
3,215	0	8,492
0	3,867	56,549
0	0	27,857
247,787	0	247,787
9,314	0	112,271
4,642	0	25,435
<u>416,588</u>	<u>7,017</u>	<u>6,883,123</u>
30,604	1,277	(414,067)
22,105	0	22,105
0	0	107
0	0	225,380
<u>(123,750)</u>	<u>0</u>	<u>(225,380)</u>
<u>(101,645)</u>	<u>0</u>	<u>22,212</u>
(71,041)	1,277	(391,855)
98,974	15,756	746,047
0	2,000	11,311
<u>\$ 27,933</u>	<u>\$ 19,033</u>	<u>\$ 365,503</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Budgetary Basis*
All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2003

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 2,384,729	\$ 2,414,032	\$ 29,303
Intergovernmental	1,840,722	1,910,377	69,655
Investment Income	20,000	12,054	(7,946)
Tuition and Fees	10,500	12,060	1,560
Miscellaneous	90,011	76,429	(13,582)
Total Revenues	4,345,962	4,424,952	78,990
<u>Expenditures</u>			
Instruction			
Regular	398,560	392,628	5,932
Special	134,550	134,640	(90)
Vocational	2,172,737	2,166,571	6,166
Adult/Continuing	127,484	115,091	12,393
Support Services			
Pupils	261,801	261,262	539
Instructional Staff	169,867	162,999	6,868
Board of Education	71,399	72,331	(932)
Administration	619,057	609,746	9,311
Fiscal	246,835	244,161	2,674
Business	2,948	2,715	233
Operation and Maintenance of Plant	495,098	488,357	6,741
Pupil Transportation	7,726	3,449	4,277
Central	2,000	1,717	283
Operation of Non-Instructional Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	4,710,062	4,655,667	54,395
Excess of Revenues Over (Under) Expenditures	(364,100)	(230,715)	133,385
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sales of Fixed Assets	2,000	107	(1,893)
Proceeds of Loan	0	0	0
Advances In	268,351	268,351	0
Advances Out	(38,500)	(54,529)	(16,029)
Operating Transfers In	8,000	8,000	0
Operating Transfers Out	(74,000)	(109,630)	(35,630)
Total Other Financing Sources (Uses)	165,851	112,299	(53,552)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(198,249)	(118,416)	79,833
Fund Balance at Beginning of Year	446,880	446,880	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$ 248,631	\$ 328,464	\$ 79,833

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,209,789	1,156,018	(53,771)	0	0	0
0	0	0	0	0	0
477,600	372,496	(105,104)	0	0	0
87,073	73,208	(13,865)	0	0	0
<u>1,774,462</u>	<u>1,601,722</u>	<u>(172,740)</u>	<u>0</u>	<u>0</u>	<u>0</u>
16,839	16,839	0	0	0	0
110	110	0	0	0	0
257,551	227,081	30,470	0	0	0
1,314,752	1,165,308	149,444	0	0	0
65,802	65,942	(140)	0	0	0
72,953	66,739	6,214	0	0	0
0	0	0	0	0	0
28,414	27,110	1,304	0	0	0
13,945	13,945	0	0	0	0
3,500	3,500	0	0	0	0
5,074	4,843	231	0	0	0
1,821	1,821	0	0	0	0
51,976	51,976	0	0	0	0
29,000	27,857	1,143	0	0	0
0	0	0	0	0	0
0	0	0	102,957	102,957	0
0	0	0	20,793	20,793	0
<u>1,861,737</u>	<u>1,673,071</u>	<u>188,666</u>	<u>123,750</u>	<u>123,750</u>	<u>0</u>
<u>(87,275)</u>	<u>(71,349)</u>	<u>15,926</u>	<u>(123,750)</u>	<u>(123,750)</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
41,996	101,804	59,808	0	0	0
(100,876)	(99,761)	1,115	0	0	0
510,447	505,998	(4,449)	124,481	123,750	(731)
(314,642)	(398,057)	(83,415)	0	0	0
<u>136,925</u>	<u>109,984</u>	<u>(26,941)</u>	<u>124,481</u>	<u>123,750</u>	<u>(731)</u>
49,650	38,635	(11,015)	731	0	(731)
111,421	111,421	0	0	0	0
12,703	12,703	0	0	0	0
<u>\$ 173,774</u>	<u>\$ 162,759</u>	<u>\$ (11,015)</u>	<u>\$ 731</u>	<u>\$ 0</u>	<u>\$ (731)</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Budgetary Basis*
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 2003

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 395,738	\$ 400,478	\$ 4,740
Intergovernmental	100,726	57,322	(43,404)
Investment Income	1,000	154	(846)
Tuition and Fees	0	0	0
Miscellaneous	2,611	2,611	0
Total Revenues	500,075	460,565	(39,510)
<u>Expenditures</u>			
Instruction			
Regular	5,900	5,675	225
Special	450	447	3
Vocational	33,909	36,697	(2,788)
Adult/continuing	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	19,990	20,092	(102)
Business	16,860	24,760	(7,900)
Operation and Maintenance of Plant	49,041	63,959	(14,918)
Pupil Transportation	3,000	3,215	(215)
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Capital Outlay	309,206	280,562	28,644
Debt Service			
Principal Retirement	9,314	9,314	0
Interest and Fiscal Charges	4,642	4,642	0
Total Expenditures	452,312	449,363	2,949
Excess of Revenues Over (Under) Expenditures	47,763	11,202	(36,561)
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sales of Fixed Assets	0	0	0
Proceeds of Loan	0	22,105	22,105
Advances In	10,000	19,158	9,158
Advances Out	(235,024)	(235,023)	1
Operating Transfers In	0	0	0
Operating Transfers Out	(123,000)	(123,750)	(750)
Total Other Financing Sources (Uses)	(348,024)	(317,510)	30,514
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(300,261)	(306,308)	(6,047)
Fund Balance at Beginning of Year	486	486	0
Prior Year Encumbrances Appropriated	308,023	308,023	0
Fund Balance at End of Year	\$ 8,248	\$ 2,201	\$ (6,047)

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 2,780,467	\$ 2,814,510	\$ 34,043
0	0	0	3,151,237	3,123,717	(27,520)
750	164	(586)	21,750	12,372	(9,378)
0	0	0	488,100	384,556	(103,544)
5,750	5,130	(620)	185,445	157,378	(28,067)
<u>6,500</u>	<u>5,294</u>	<u>(1,206)</u>	<u>6,626,999</u>	<u>6,492,533</u>	<u>(134,466)</u>
0	0	0	421,299	415,142	6,157
0	0	0	135,110	135,197	(87)
0	0	0	2,464,197	2,430,349	33,848
0	0	0	1,442,236	1,280,399	161,837
0	0	0	327,603	327,204	399
0	0	0	242,820	229,738	13,082
0	0	0	71,399	72,331	(932)
0	0	0	647,471	636,856	10,615
0	0	0	280,770	278,198	2,572
2,906	2,450	456	26,214	33,425	(7,211)
0	0	0	549,213	557,159	(7,946)
0	0	0	12,547	8,485	4,062
3,411	3,867	(456)	57,387	57,560	(173)
0	0	0	29,000	27,857	1,143
0	0	0	309,206	280,562	28,644
0	0	0	112,271	112,271	0
0	0	0	25,435	25,435	0
<u>6,317</u>	<u>6,317</u>	<u>0</u>	<u>7,154,178</u>	<u>6,908,168</u>	<u>246,010</u>
183	(1,023)	(1,206)	(527,179)	(415,635)	111,544
0	0	0	2,000	107	(1,893)
0	0	0	0	22,105	22,105
0	0	0	320,347	389,313	68,966
0	0	0	(374,400)	(389,313)	(14,913)
2,000	5,000	3,000	644,928	642,748	(2,180)
0	0	0	(511,642)	(631,437)	(119,795)
<u>2,000</u>	<u>5,000</u>	<u>3,000</u>	<u>81,233</u>	<u>33,523</u>	<u>(47,710)</u>
2,183	3,977	1,794	(445,946)	(382,112)	63,834
15,756	15,756	0	574,543	574,543	0
0	0	0	320,726	320,726	0
<u>\$ 17,939</u>	<u>\$ 19,733</u>	<u>\$ 1,794</u>	<u>\$ 449,323</u>	<u>\$ 513,157</u>	<u>\$ 63,834</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Revenues,
Expenses, and Changes in Fund Equity

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2003

	Proprietary Fund Types			Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues				
Sales	\$ 53,866	\$ 0	\$ 0	\$ 53,866
Charges for Services	0	731,683	0	731,683
Investment Income	0	0	149	149
Classroom Materials and Fees	32,739	0	0	32,739
Donations	0	0	100	100
Total Operating Revenues	86,605	731,683	249	818,537
Operating Expenses				
Salaries	23,762	0	0	23,762
Fringe Benefits	21,848	0	0	21,848
Purchased Services	178	127,930	0	128,108
Materials and Supplies	81,397	0	0	81,397
Depreciation	667	0	0	667
Claims	0	462,440	0	462,440
Other	356	0	1,250	1,606
Total Operating Expenses	128,208	590,370	1,250	719,828
Operating Income (Loss)	(41,603)	141,313	(1,001)	98,709
Non-Operating Revenues (Expenses)				
Operating Grants	15,295	0	0	15,295
Donated Commodities Revenue	7,647	0	0	7,647
Loss on Disposal of Fixed Assets	(222)	0	0	(222)
Investment Income	63	2,688	0	2,751
Total Non-Operating Revenues (Expenses)	22,783	2,688	0	25,471
Net Income (Loss)	(18,820)	144,001	(1,001)	124,180
Retained Earnings (Deficit) Fund Balance at Beginning of Year	19,968	(17,653)	13,283	15,598
Retained Earnings/Fund Balance at End of Year	\$ 1,148	\$ 126,348	\$ 12,282	\$ 139,778

The accompanying notes are an integral part of these financial statements.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 2003

	Proprietary Fund Types			Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 54,964	\$ 731,683	\$ 0	\$ 786,647
Interest Income	0	0	149	149
Cash Received from Classroom Materials and Fees	32,739	0	0	32,739
Cash Received from Donations	0	0	100	100
Cash Paid for Goods and Services	(73,633)	(127,930)	0	(201,563)
Cash Paid to Employees	(26,615)	0	0	(26,615)
Cash Paid for Employee Benefits	(17,361)	0	0	(17,361)
Cash Paid for Other Operating Activities	(356)	0	(1,250)	(1,606)
Cash Paid for Claims	0	(476,935)	0	(476,935)
Net Cash Provided by (Used For) Operating Activities	(30,262)	126,818	(1,001)	95,555
Cash Flows From Capital Financing Activities				
Loss on Disposal of Fixed Assets	(1,400)	0	0	(1,400)
Cash Flows From Non-Capital Financing Activities				
Grants	14,950	0	0	14,950
Cash Flows From Investing Activities				
Interest Income	63	2,688	0	2,751
Net Increase (Decrease) in Cash and Cash Equivalents	(16,649)	129,506	(1,001)	111,856
Cash and Cash Equivalents at Beginning of Year	20,996	87,476	13,283	121,755
Cash and Cash Equivalents at End of Year	\$ 4,347	\$ 216,982	\$ 12,282	\$ 233,611
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Operating Income (Loss)	\$ (41,603)	\$ 141,313	\$ (1,001)	\$ 98,709
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	667	0	0	667
Non-cash Donated Commodities	7,647	0	0	7,647
Decrease in Accounts Receivable	1,098	0	0	1,098
(Increase) in Materials and Supplies	(60)	0	0	(60)
Decrease in Inventory	1,257	0	0	1,257
Increase in Accrued Wages and Benefits	1,516	0	0	1,516
Increase in Compensated Absences Payable	130	0	0	130
(Decrease) in Intergovernmental Payable	(12)	0	0	(12)
(Decrease) in Deferred Revenue	(902)	0	0	(902)
(Decrease) in Claims Payable	0	(14,495)	0	(14,495)
Total Adjustments	11,341	(14,495)	0	(3,154)
Net Cash Provided by (Used For) Operating Activities	\$ (30,262)	\$ 126,818	\$ (1,001)	\$ 95,555
Reconciliation of Cash and Cash Equivalents to the Balance Sheet				
Agency Fund			\$ 22,792	
Expendable Trust			19,733	
Nonexpendable Trust			12,282	
Total Cash and Cash Equivalents for Trust and Agency			\$ 54,807	

The accompanying notes are an integral part of these financial statements.

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Description of the Entity

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the "District") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member districts. The District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership on June 30, 2003 was 326. The District employs 59 certificated and 22 non-certificated employees.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities. The District has no component units.

The District is associated with the Tri-County Computer Service Association (TCCSA) which is defined as a Jointly Governed Organization. This organization is presented in Note 17 to the general purpose financial statements.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Several funds are reclassified for GAAP presentation. The adult education fund (012) is classified as an enterprise fund for State of Ohio cash basis financial statements. However, this fund is an educational fund, not a fund designed to have a profit motivation. It is classified as a special revenue funds for GAAP.

Many of the educational programs operated by the District provide some services to the general public. These services are not provided to generate profit for the District, but to teach the students to deal with the public while they learn. This fund (011) is classified within the general fund for GAAP.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust fund use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 District, available means expected to be received within 60 days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 9). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include 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 District must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the 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 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 are levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

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

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

Proprietary Fund Types

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund types:

Enterprise Funds – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies, on a cost-reimbursement basis.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund – The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable Trust Fund – The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund types. The principal of the trust is restricted while the income can be used for the purpose defined in the trust agreement.

Agency Funds – The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

Account Groups

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

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

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

B. Budgetary Process

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 by the County Auditor.

All funds, other than agency funds, are required to be budgeted and appropriated; however, the District has elected to budget for their agency funds. The legal level of control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2003, investments were limited to repurchase agreements and the State Treasury Asset Reserves (STAROhio). Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$12,054, which includes \$3,785 assigned from other District funds.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with 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.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a Bureau of Workers' Compensation refund reserve. This reserve is required by State statute and can be used only for purposes specified by the statute.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible. No allowances are provided within the financial statements.

F. Estimates

The preparation of the 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 could differ from those estimates.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

H. Inventory

Inventories of proprietary funds are stated at cost and consist of donated food and purchased food held for resale and are expensed when used. Cost is determined on a first-in, first-out basis.

I. Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2003 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Fixed Assets and Depreciation

Fixed assets used in governmental fund types are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the remaining estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$300.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations (Continued)

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. The District recorded residual equity transfers out of the Student Activities Agency Fund in the amount of \$11,311 as the result of a student activity account being closed. The residual equity transfers in were to the Special Revenue Fund and the Expendable Trust Fund.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary fund types is reflected as a liability in the respective funds. The current portion of unpaid compensated absences related to governmental fund type operations is reflected in the respective fund. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligation account group.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, termination benefits, contributions to the nonexpendable trust funds that must be kept intact and HB412 and Senate Bill 345 reserves such as 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 endowment consists of the principal within the nonexpendable trust fund which cannot be expended.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund:

State Foundation Program
State Property Tax Relief

Agency Fund:

Pell Grant

Non-Reimbursable Grants

Special Revenue Funds:

Education Management Information Systems
Eisenhower Grant
Vocational Education
Title VI
Schoolnet Professional Development

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued):

Network Connectivity
Safe School Help Line
Career Education
Accreditation Assistance
Adult Basic Literacy Education
Full Service Center
Career Development
High Schools That Work
Safe and Drug Free Schools
Title II
Carl Perkins
Title V

Reimbursable Grants

Enterprise Funds:

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 43% of the District's operating revenue during the 2003 fiscal year.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - BUDGETARY PROCESS

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Ashland County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 3 - BUDGETARY PROCESS (Continued)

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 District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so 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. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" do not include July 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation 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 fund level 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.

Total fund appropriations may be modified during the year by a resolution of the Board of Education. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" represent the final appropriation amounts.

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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 3 - BUDGETARY PROCESS (Continued)

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the GAAP basis, the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

- 1) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures
 and Other Financing Uses Reconciliation of Budget Basis to GAAP Basis

Governmental and Expendable Trust Funds:

	General	Special Revenue	Capital Projects	Expendable Trust
Budgetary Basis	\$ (118,416)	\$ 38,635	\$ (306,308)	\$ 3,977
Adjustments:				
Revenue accruals	(244,679)	(550,948)	(32,531)	(2,000)
Expenditure accruals	51,149	501,231	265,599	(700)
Encumbrances	937	0	2,199	0
GAAP Basis	\$ (311,009)	\$ (11,082)	\$ (71,041)	\$ 1,277

NOTE 4 - ACCOUNTABILITY

At June 30, 2003, the Food Service Enterprise Fund had a deficit retained earnings balance of \$1,920. This deficit balance was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 5 - CASH AND CASH EQUIVALENTS

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

Active deposits are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any other obligations of the State of Ohio;

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6) The State Treasurer's Investment Pool (STAR Ohio);
- 7) Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% 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 rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits

At year-end, the carrying amount of the District's deposits was \$(43,842) and the bank balance was \$77,732. The bank balance was entirely covered by federal depository insurance.

Funds Held by Fiscal Agent

The District is self-insured through Ohio Mid-Eastern Regional Education Service Agency (OME-RESA), with Self Funded Plans being the third party administrator for employee benefits. At June 30, 2003, there was a cash balance of \$216,982 with OME-RESA. All benefit deposits are made to OME-RESA's depository account. Collateral is held by a qualified third-party trustee in the name of OME-RESA.

Investments

The District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the 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 District's name.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

Investments (Continued)

STAROhio, an investment pool operated by the Ohio State Treasurer, 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 Agreement	\$ 304,154	\$ 304,154	\$ 304,154
STAROhio	0	292,266	292,266
	\$ 304,154	\$ 596,420	\$ 596,420

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 769,560	\$ 0
Investments:		
Repurchase Agreement	(304,154)	304,154
STAROhio	(292,266)	292,266
GASB Statement No. 3	\$ 173,140	\$ 596,420

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 6 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Balance July 1, 2002	Additions	Disposals	Balance June 30, 2003
Land	\$ 141,198	\$ 0	\$ 0	\$ 141,198
Buildings and improvements	5,769,762	488,209	0	6,257,971
Furniture and equipment	2,256,564	185,934	(58,487)	2,384,011
Vehicles	29,000	11,500	(6,000)	34,500
Books	316,795	0	0	316,795
Construction in process	284,159	0	(284,159)	0
Total	\$ 8,797,478	\$ 685,643	\$ (348,646)	\$ 9,134,475

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 2003</u>
Equipment	\$ 43,193
Less: Accumulated depreciation	(35,893)
Net fixed assets	<u>\$ 7,300</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 7 - LONG-TERM OBLIGATIONS

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

	<u>Outstanding July 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Outstanding June 30, 2003</u>
OHIO EPA and Water Supply revolving loan 2.0% interest rate, due 7/01/2012	\$ 284,159	\$ 22,105	\$ (27,957)	\$ 278,307
General Obligation Bonds, 5.15% interest rate, due 1/01/2006	325,000	0	(75,000)	250,000
Capital lease payable	47,386	0	(9,314)	38,072
Compensated absences	470,659	0	(93,817)	376,842
Intergovernmental payable	<u>3,940</u>	<u>7,676</u>	<u>(3,940)</u>	<u>7,676</u>
Total	<u>\$ 1,131,144</u>	<u>\$ 29,781</u>	<u>\$ (210,028)</u>	<u>\$ 950,897</u>

Outstanding general obligation bonds consist of school building construction issues. Such bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property. Proceeds from the bonds were used for energy conservation improvements to the school buildings.

During 2002, the District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. \$284,159 was drawn down in 2002 and \$22,105 was drawn down in 2003 amounting to \$306,264 and will be paid in semi-annual payments through 2012.

The annual requirement to amortize all bonds and loans outstanding as of June 30, 2003, including interest payments of \$46,753 are as follows:

	General Obligation Bonds	OWDA Loan	Totals
For year ending June 30, 2004	\$ 90,815	\$ 33,943	\$ 124,758
2005	91,566	33,944	125,510
2006	87,189	33,943	121,132
2007	0	33,943	33,943
2008	0	33,944	33,944
2009-2012	<u>0</u>	<u>135,773</u>	<u>135,773</u>
	<u>\$ 269,570</u>	<u>\$ 305,490</u>	<u>\$ 575,060</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 8 - CAPITAL LEASES

The District has entered into capitalized leases for copying machines. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures within the capital projects fund in the combined financial statements for the governmental funds.

General fixed assets, consisting of equipment and furniture, have been capitalized in the general fixed assets account group in the amount of \$52,918. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2003 totaled \$9,314 in the capital projects funds.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2003:

		General Long-Term Obligations Account Group
Year ending June 30,	2004	\$ 13,956
	2005	12,446
	2006	12,144
	2007	7,083
Minimum lease payments		45,629
Less: Amount representing interest at the District's incremental borrowing rate of interest		(7,557)
Present value of minimum lease payments		\$ 38,072

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Ashland County Auditor is responsible for assessing and remitting these property taxes to the District.

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88% of the true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 9 - PROPERTY TAXES (Continued)

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 earlier or later payment dates to be established.

Tangible personal property taxes paid 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.

The District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the 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.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2002 was \$4.10 per \$1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2003, was \$449,890.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2003 taxes were collected are:

	First-Half Collections		Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 884,467,340	67%	\$ 964,806,630	68%
Commercial Industrial	157,831,760	12%	181,002,980	13%
Public Utility	2,395,720	1%	2,905,320	1%
Tangible Personal Property	260,043,786	20%	253,665,959	18%
Total Assessed Value	\$ 1,304,738,606	100%	\$ 1,402,380,889	100%
Tax Rate Per \$1,000 of Assessed Valuation	\$ 4.10		\$ 4.10	

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund healthcare benefits, for fiscal year 2003, 8.17% was the portion used to fund pension obligations. For fiscal year 2002, 5.46% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$76,827, \$75,942 and \$71,682, respectively. The District has contributed 100% for all fiscal years.

B. State Teachers Retirement System (STRS)

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (STRS) (Continued)

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.

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.

Plan members are required to contribute 9.3% of their annual covered salary and the District is 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 STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS Ohio for the fiscal years ended June 30, 2003, 2002, and 2001 were \$467,026, \$456,077 and \$454,404, respectively; 100% has been contributed for each fiscal year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of Ohio or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, some of the members of the Board of Education have elected social security, and some have chosen the SERS/STRS system. The District's liability is 6.2% of wages paid.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 11 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System of Ohio (STRS Ohio), and to retired non-certificated 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 funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2003, the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$33,359 during fiscal year 2003.

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

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll, a decrease from 8.54% for fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. 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 at June 30, 2002 (the latest information available) were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002 (the latest information available), 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. For the District, the amount to fund health care benefits, including the surcharge, equaled \$42,419 during the 2003 fiscal year.

NOTE 12 - NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$7,647.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 13- INTERFUND ACTIVITY

At June 30, 2003, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 54,529	\$ 0
Special Revenue Funds:		
Vocational Education Plan Development	0	24,271
Career Education	0	3,834
High Schools That Work	0	3,750
Innovative Programs	0	1,439
Safe and Drug Free Schools	0	605
Title II	0	1,472
Capital Projects Funds:		
Permanent Improvement	0	19,158
Total all funds	\$ 54,529	\$ 54,529

NOTE 14- STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbook Reserve	Capital Acquisition	BWC Reserve (formerly Budget Stabilization)	Totals
Set-aside cash balance as of June 30, 2002	\$ (256,719)	\$ 0	\$ 20,036	\$ (236,683)
Current year set-aside requirement	44,756	44,756	0	89,512
Current year offsets	(200,239)	(200,239)	0	(400,478)
Current year qualifying expenditures	0	0	(8,000)	(8,000)
Total	\$ (412,202)	\$ (155,483)	\$ 12,036	\$ (555,649)
Amount available to carryforward to FY 2004	\$ (412,202)	\$ 0	\$ 12,036	
Cash balance carried forward to FY 2004	\$ 0	\$ 0	\$ 12,036	
Total restricted assets				\$ 12,036

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 14- STATUTORY RESERVES (Continued)

Effective April 10, 2001 the Ohio legislature passed Am. Sub. Senate Bill 345 that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used.

The District has elected to maintain the budget reserve until a future determination on the use of the funds can be made. The amount of the former budget stabilization reserve identified as Bureau of Workers' Compensation refunds is classified as Reserve for BWC Refunds and the remaining balance has been classified as Fund Balance – Designated. The District elected to deposit the amount that would have been required, had the law not changed, to the budget reserve.

The amount of the former budget stabilization reserve classified as Fund Balance – Designated is \$84,225.

Although the District had offsets during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 15- SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of Food Service and Uniform School Supplies. Segment information related to these follows:

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating revenues	\$ 53,920	\$ 32,685	\$ 86,605
Operating expenses, less depreciation	85,573	41,968	127,541
Depreciation expense	667	0	667
Operating (loss)	(32,330)	(9,273)	(41,603)
Donated commodities	7,647	0	7,647
Nonoperating grants	15,295	0	15,295
Loss on disposal of fixed assets	(222)	0	(222)
Net (loss)	(9,547)	(9,273)	(18,820)
Net working capital	(4,247)	3,068	(1,179)
Total assets	12,035	3,068	15,103
Total equity	(1,920)	3,068	1,148

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 16- RISK MANAGEMENT

A. General Insurance

The 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 District has a comprehensive property and casualty policy with a deductible of \$5,000 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$20,119,041. The District's vehicle insurance policy limit is \$1,000,000 with a \$1,000 collision deductible. All board members, administrators, and employees are covered under a school district liability policy.

Additionally, the District carries a \$3,000,000 Educational Liability Policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Fidelity Bond

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

C. Workers' Compensation

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

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee. The liability for unpaid claims cost of \$90,634 is reported in the Internal Service Fund at June 30, 2003 in accordance with Governmental Accounting Standards Board Statement No. 10. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 16- RISK MANAGEMENT (Continued)

D. Employee Health Insurance (Continued)

Changes in the fund's claims liability for 2002 and 2003 are listed below.

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2003	\$ 105,129	\$ 462,440	\$ 476,935	\$ 90,634
2002	\$ 140,316	\$ 396,416	\$ 431,603	\$ 105,129

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

Tri-County Computer Service Association (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments, 2125-B Eagle Pass, Wooster, Ohio 44691, which serves as fiscal agent.

NOTE 18 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2003.

Litigation

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 19 - 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.

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

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed through the Ohio Department of Education)</i>						
Child Nutrition Cluster:						
Food Donation	Not Available	10.550		\$6,745		\$6,745
National School Lunch Program	LLP4-2003	10.555	\$11,188		\$11,188	
	LLP4-2002		3,232		3,232	
Total National School Lunch Program			<u>14,420</u>		<u>14,420</u>	
Total Child Nutrition Cluster/U.S. Department of Agriculture			14,420	6,745	14,420	6,745
U.S. ENVIRONMENTAL PROTECTION AGENCY						
<i>(Passed through the Ohio Environmental Protection Agency)</i>						
Capitalization Grants for Drinking Water State Revolving Funds	Not Available	66.468	16,041		16,041	
U.S. DEPARTMENT OF EDUCATION						
<i>(Direct Program)</i>						
Federal Pell Grant Program	Not Available	84.063	62,112		62,112	
	Not Available		5,000		5,000	
Total Federal Pell Grant Program			<u>67,112</u>		<u>67,112</u>	
<i>(Passed through the Ohio Department of Education)</i>						
Adult Education - State Grant Program	ABS1-2003	84.002	29,461		29,461	
	ABS1-2002-C		13,954		13,954	
	ABS1-2002		34,369		4,842	
	ABS1-2000		(694)		0	
Total Adult Education - State Grant Program			<u>77,090</u>		<u>48,257</u>	
Vocational Education - Basic Grants to States	20C2-2003	84.048	77,230		90,859	
	20C2-2002		4,197		0	
	20C1-2003		137,535		148,764	
	20C1-2002		7,396		12,584	
	20A0-2002		3,600		0	
	20A0-2001		20,400		0	
Total Vocational Education - Basic Grants to States			<u>250,358</u>		<u>252,207</u>	
Safe and Drug-Free Schools and Communities_State Grants	DRS1-2003	84.186	184		789	
Eisenhower Professional Development State Grants	MSS1-2002	84.281	78		815	
	MSS1-2001		0		165	
Total Eisenhower Professional Development State Grants			<u>78</u>		<u>980</u>	
Innovative Education Program Strategies	C2S1-2003	84.298	316		1,755	
	C2S1-2002		0		77	
	C2S1-2001		497		497	
Total Innovative Education Program Strategies			<u>813</u>		<u>2,329</u>	
Improving Teacher Quality State Grants	TRS1-2003	84.367	323		1,795	
Total U.S. Department of Education			<u>395,958</u>		<u>373,469</u>	
Total Federal Assistance			<u>\$426,419</u>	<u>\$6,745</u>	<u>\$403,930</u>	<u>\$6,745</u>

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

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the 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.

NOTE B – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – REFUND OF FEDERAL FUNDS

The District refunded federal funds totaling \$694 to the Ohio Department of Education. These refunds represented funds which were on hand after the period of availability.



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Ashland County – West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 7, 2004. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 7, 2004.

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.

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

However, we noted certain other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 7, 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

January 7, 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**

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

To the Board of Education:

Compliance

We have audited the compliance of the Ashland County – West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program 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
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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, 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

January 7, 2004

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

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

1. SUMMARY OF AUDITOR'S RESULTS

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2004**