



**Auditor of State
Betty Montgomery**

**JEFFERSON COUNTY JOINT
VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenue, Expenditures and Changes in Fund Balances – All Governmental Fund Types.....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – All Governmental Fund Types.....	7
Combined Statement of Revenues, Expenses and Changes in Fund Equity – All Proprietary Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget and Actual (Budget Basis) – All Proprietary Fund Types	12
Combined Statement of Cash Flows – All Proprietary Fund Types	14
Notes to the General Purpose Financial Statements.....	15
Schedule of Federal Award Expenditures.....	41
Notes to the Schedule of Federal Award Expenditures	42
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings	47

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Jefferson County Joint Vocational School District, Jefferson County (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 Jefferson County Joint Vocational School District, Jefferson County, as of June 30, 2003 and the results of its operations and the cash flows of its proprietary fund types for the year 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 November 13, 2003 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.

The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

November 13, 2003

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Jefferson County Joint Vocational School District
Jefferson County

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$291,372	\$36,222	\$17,342
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Receivables:			
Property and Other Taxes	1,562,907	0	100,715
Accounts	1,853	0	0
Intergovernmental	0	46,380	0
Interfund	46,380	0	0
Materials and Supplies Inventory	1,513	0	0
Inventory Held for Resale	0	0	0
Prepaid Items	62,830	1,993	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	17,604	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$1,984,459</u>	<u>\$84,595</u>	<u>\$118,057</u>
<u>Liabilities Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$21,597	\$1,065	\$0
Contracts Payable	0	0	5,994
Accrued Wages and Benefits	263,605	9,553	0
Compensated Absences Payable	34,591	0	0
Interfund Payable	0	46,380	0
Intergovernmental Payable	50,513	2,133	0
Deferred Revenue	1,338,781	46,380	100,715
Due to Students	0	0	0
Claims Payable	0	0	0
Long-Term Pension Liability	0	0	0
Total Liabilities	<u>1,709,087</u>	<u>105,511</u>	<u>106,709</u>
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	6,058	282	281
Reserved for Inventory	1,513	0	0
Reserved for Property Taxes	224,126	0	0
Reserved for Budget Stabilization	17,604	0	0
Unreserved:			
Designated	40,526	0	0
Undesignated (Deficit)	(14,455)	(21,198)	11,067
Total Fund Equity and Other Credits	<u>275,372</u>	<u>(20,916)</u>	<u>11,348</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,984,459</u>	<u>\$84,595</u>	<u>\$118,057</u>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$4,406	\$0	\$22,868	\$0	\$0	\$372,210
0	142,051	0	0	0	142,051
0	0	0	0	0	1,663,622
0	0	0	0	0	1,853
0	0	0	0	0	46,380
0	0	0	0	0	46,380
0	0	0	0	0	1,513
2,840	0	0	0	0	2,840
1,262	0	0	0	0	66,085
0	0	0	0	0	17,604
7,323	0	0	7,880,800	0	7,888,123
0	0	0	0	229,717	229,717
\$15,831	\$142,051	\$22,868	\$7,880,800	\$229,717	\$10,478,378
\$0	\$0	\$0	\$0	\$0	\$22,662
0	0	0	0	0	5,994
6,702	0	0	0	0	279,860
825	0	0	0	226,223	261,639
0	0	0	0	0	46,380
5,051	0	0	0	0	57,697
0	0	0	0	0	1,485,876
0	0	22,868	0	0	22,868
0	38,894	0	0	0	38,894
0	0	0	0	3,494	3,494
12,578	38,894	22,868	0	229,717	2,225,364
0	0	0	7,880,800	0	7,880,800
117,690	0	0	0	0	117,690
(114,437)	103,157	0	0	0	(11,280)
0	0	0	0	0	6,621
0	0	0	0	0	1,513
0	0	0	0	0	224,126
0	0	0	0	0	17,604
0	0	0	0	0	40,526
0	0	0	0	0	(24,586)
3,253	103,157	0	7,880,800	0	8,253,014
\$15,831	\$142,051	\$22,868	\$7,880,800	\$229,717	\$10,478,378

**Jefferson County Joint Vocational School District
Jefferson County**

**Combined Statement of Revenues, Expenditures and
Changes In Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property and Other Taxes	\$1,146,354	\$0	\$0	\$105,431	\$1,251,785
Intergovernmental	2,688,999	545,651	0	31,217	3,265,867
Interest	4,256	0	0	0	4,256
Tuition and Fees	56,853	0	0	0	56,853
Extracurricular Activities	0	8,986	0	0	8,986
Gifts and Donations	0	2,750	0	0	2,750
Miscellaneous	11,514	0	0	44,400	55,914
Total Revenues	3,907,976	557,387	0	181,048	4,646,411
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	301,552	0	0	0	301,552
Special	123,968	0	0	0	123,968
Vocational	2,254,865	439,634	0	0	2,694,499
Support Services:					
Pupils	82,474	44,890	0	0	127,364
Instructional Staff	253,039	23,517	0	0	276,556
Board of Education	41,050	0	0	0	41,050
Administration	159,530	6,853	0	0	166,383
Fiscal	219,615	0	0	0	219,615
Operation and Maintenance of Plant	471,661	0	0	0	471,661
Pupil Transportation	203	0	0	0	203
Central	3,506	21,647	0	0	25,153
Capital Outlay	0	0	0	394,824	394,824
Debt Service:					
Principal Retirement	0	0	170,000	0	170,000
Interest and Fiscal Charges	0	0	2,142	0	2,142
Total Expenditures	3,911,463	536,541	172,142	394,824	5,014,970
Excess of Revenues Over/ (Under) Expenditures	(3,487)	20,846	(172,142)	(213,776)	(368,559)
<u>Other Financing Sources (Uses):</u>					
Proceeds From Sale of Fixed Assets	225	0	0	0	225
Proceeds From Sale of Short Term Loan	170,000	0	0	0	170,000
Operating Transfers In	0	2,500	172,142	176,371	351,013
Operating Transfers Out	(361,013)	0	0	0	(361,013)
Total Other Financing Sources (Uses)	(190,788)	2,500	172,142	176,371	160,225
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	(194,275)	23,346	0	(37,405)	(208,334)
Fund Balances (Deficits) at					
Beginning of Year - Restated (Note 3)	469,734	(44,262)	0	48,753	474,225
Decrease in Reserve for Inventory	(87)	0	0	0	(87)
Fund Balances (Deficits) at End of Year	\$275,372	(\$20,916)	\$0	\$11,348	\$265,804

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

Jefferson County Joint Vocational School District
Jefferson County

**Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property and Other Taxes	\$1,401,311	\$1,401,311	\$0	\$0	\$0	\$0
Intergovernmental	2,688,999	2,688,999	0	636,557	545,651	(90,906)
Interest	4,256	4,256	0	0	0	0
Tuition and Fees	56,853	56,853	0	0	0	0
Extracurricular Activities	0	0	0	8,986	8,986	0
Gifts and Donations	0	0	0	2,750	2,750	0
Miscellaneous	9,661	9,661	0	0	0	0
Total Revenues	4,161,080	4,161,080	0	648,293	557,387	(90,906)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	299,709	299,464	245	0	0	0
Special	123,461	123,435	26	0	0	0
Vocational	2,308,305	2,243,725	64,580	558,593	448,645	109,948
Support Services:						
Pupils	87,378	85,627	1,751	51,680	51,680	0
Instructional Staff	255,160	253,435	1,725	26,850	23,518	3,332
Board of Education	49,012	38,970	10,042	0	0	0
Administration	180,271	180,176	95	10,266	7,108	3,158
Fiscal	218,629	218,606	23	0	0	0
Operation and Maintenance of Plant	481,912	479,582	2,330	0	0	0
Pupil Transportation	1,500	203	1,297	0	0	0
Central	3,506	3,506	0	21,934	21,554	380
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	4,008,843	3,926,729	82,114	669,323	552,505	116,818
Excess of Revenues Over (Under) Expenditures	152,237	234,351	82,114	(21,030)	4,882	25,912
<u>Other Financing Sources (Uses):</u>						
Proceeds From Sale of Fixed Assets	225	225	0	0	0	0
Proceeds From Short Term Loan	170,000	170,000	0	0	0	0
Operating Transfers In	87,044	0	(87,044)	2,500	2,500	0
Operating Transfers Out	(450,000)	(361,013)	88,987	0	0	0
Advances In	124,562	78,228	(46,334)	46,380	46,380	0
Advances Out	(96,335)	(46,380)	49,955	(56,691)	(56,691)	0
Total Other Financing Sources (Uses)	(164,504)	(158,940)	5,564	(7,811)	(7,811)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,267)	75,411	87,678	(28,841)	(2,929)	25,912
Fund Balances at Beginning of Year	195,763	195,763	0	14,758	14,758	0
Prior Year Encumbrances Appropriated	22,582	22,582	0	24,111	24,111	0
Fund Balances at End of Year	\$206,078	\$293,756	\$87,678	\$10,028	\$35,940	\$25,912

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

Jefferson County Joint Vocational School District
Jefferson County

Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003
(Continued)

	Debt Service Fund			Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$0	\$0	\$0	\$105,431	\$105,431	\$0
Intergovernmental	0	0	0	31,217	31,217	0
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	44,400	44,400	0
Total Revenues	0	0	0	181,048	181,048	0
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Capital Outlay	0	0	0	421,205	389,247	31,958
Debt Service:						
Principal Retirement	170,000	170,000	0	0	0	0
Interest and Fiscal Charges	2,142	2,142	0	0	0	0
Total Expenditures	172,142	172,142	0	421,205	389,247	31,958
Excess of Revenues Over (Under) Expenditures	(172,142)	(172,142)	0	(240,157)	(208,199)	31,958
Other Financing Sources (Uses):						
Proceeds From Sale of Fixed Assets	0	0	0	0	0	0
Proceeds From Short Term Loan	0	0	0	0	0	0
Operating Transfers In	172,142	172,142	0	176,371	176,371	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	(21,537)	(21,537)	0
Total Other Financing Sources (Uses)	172,142	172,142	0	154,834	154,834	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(85,323)	(53,365)	31,958
Fund Balances at Beginning of Year	0	0	0	65,437	65,437	0
Prior Year Encumbrances Appropriated	0	0	0	4,989	4,989	0
Fund Balances at End of Year	\$0	\$0	\$0	(\$14,897)	\$17,061	\$31,958

(continued)

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,506,742	\$1,506,742	\$0
3,356,773	3,265,867	(90,906)
4,256	4,256	0
56,853	56,853	0
8,986	8,986	0
2,750	2,750	0
54,061	54,061	0
<u>4,990,421</u>	<u>4,899,515</u>	<u>(90,906)</u>
299,709	299,464	245
123,461	123,435	26
2,866,898	2,692,370	174,528
139,058	137,307	1,751
282,010	276,953	5,057
49,012	38,970	10,042
190,537	187,284	3,253
218,629	218,606	23
481,912	479,582	2,330
1,500	203	1,297
25,440	25,060	380
421,205	389,247	31,958
170,000	170,000	0
2,142	2,142	0
<u>5,271,513</u>	<u>5,040,623</u>	<u>230,890</u>
<u>(281,092)</u>	<u>(141,108)</u>	<u>139,984</u>
225	225	0
170,000	170,000	0
438,057	351,013	(87,044)
(450,000)	(361,013)	88,987
170,942	124,608	(46,334)
(174,563)	(124,608)	49,955
<u>154,661</u>	<u>160,225</u>	<u>5,564</u>
(126,431)	19,117	145,548
275,958	275,958	0
51,682	51,682	0
<u>\$201,209</u>	<u>\$346,757</u>	<u>\$145,548</u>

**Jefferson County Joint Vocational School District
Jefferson County**

**Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i><u>Operating Revenues:</u></i>			
Sales	\$75,822	\$0	\$75,822
Tuition	20,405	0	20,405
Charges for Services	0	655,139	655,139
<i>Total Revenues</i>	<u>96,227</u>	<u>655,139</u>	<u>751,366</u>
<i><u>Operating Expenses:</u></i>			
Salaries and Wages	65,806	0	65,806
Fringe Benefits	23,013	0	23,013
Purchased Services	4,957	59,031	63,988
Materials and Supplies	31,330	0	31,330
Cost of Sales	38,871	0	38,871
Depreciation	1,069	0	1,069
Claims	0	646,827	646,827
<i>Total Operating Expenses</i>	<u>165,046</u>	<u>705,858</u>	<u>870,904</u>
Operating Loss	<u>(68,819)</u>	<u>(50,719)</u>	<u>(119,538)</u>
<i><u>Non-Operating Revenues/Expenses:</u></i>			
Federal Donated Commodities	4,783	0	4,783
Loss on Disposal of Fixed Asset	(1,867)	0	(1,867)
Interest	0	3,605	3,605
Operating Grants	54,766	0	54,766
<i>Total Non-Operating Revenues/Expenses</i>	<u>57,682</u>	<u>3,605</u>	<u>61,287</u>
Net Loss Before Operating Transfers In	(11,137)	(47,114)	(58,251)
Operating Transfers In	10,000	0	10,000
Net Loss	<u>(1,137)</u>	<u>(47,114)</u>	<u>(48,251)</u>
Retained Earnings (Deficit) at Beginning of Year	(113,300)	150,271	36,971
Retained Earnings (Deficit) at End of Year	(114,437)	103,157	(11,280)
Contributed Capital at Beginning and End of Year	<u>117,690</u>	<u>0</u>	<u>25,691</u>
Total Fund Equity at End of Year	<u><u>\$3,253</u></u>	<u><u>\$103,157</u></u>	<u><u>\$0</u></u>

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

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**Jefferson County Joint Vocational School District
Jefferson County**

**Combined Statement of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Sales	\$75,822	\$75,822	\$0
Tuition	20,405	20,405	0
Interest Income	0	0	0
Operating Grants	54,766	54,766	0
Charges for Service	0	0	0
<i>Total Revenues</i>	<u>150,993</u>	<u>150,993</u>	<u>0</u>
<i>Expenses:</i>			
Salaries and Wages	65,351	64,653	698
Fringe Benefits	27,039	27,057	(18)
Purchased Services	4,957	4,957	0
Materials and Supplies	70,688	65,891	4,797
<i>Total Expenses</i>	<u>168,035</u>	<u>162,558</u>	<u>5,477</u>
Excess of Revenues Under Expenses	(17,042)	(11,565)	5,477
Transfer In	10,000	10,000	0
Excess of Revenues and Transfers in Under Expenses	(7,042)	(1,565)	5,477
Fund Equity at Beginning of Year	3,709	3,709	0
Prior Year Encumbrances Appropriated	2,262	2,262	0
Fund Equity at End of Year	<u>(\$1,071)</u>	<u>\$4,406</u>	<u>\$5,477</u>

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

Internal Service Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$75,822	\$75,822	\$0
0	0	0	20,405	20,405	0
3,734	3,605	(129)	3,734	3,605	(129)
0	0	0	54,766	54,766	0
649,421	655,139	5,718	649,421	655,139	5,718
<u>653,155</u>	<u>658,744</u>	<u>5,589</u>	<u>804,148</u>	<u>809,737</u>	<u>5,589</u>
0	0	0	65,351	64,653	698
683,165	686,257	(3,092)	710,204	713,314	(3,110)
59,031	59,031	0	63,988	63,988	0
0	0	0	70,688	65,891	4,797
<u>742,196</u>	<u>745,288</u>	<u>(3,092)</u>	<u>910,231</u>	<u>907,846</u>	<u>2,385</u>
(89,041)	(86,544)	2,497	(106,083)	(98,109)	7,974
0	0	0	10,000	10,000	0
(89,041)	(86,544)	2,497	(96,083)	(88,109)	7,974
228,595	228,595	0	232,304	232,304	0
0	0	0	2,262	2,262	0
<u>\$139,554</u>	<u>\$142,051</u>	<u>\$2,497</u>	<u>\$138,483</u>	<u>\$146,457</u>	<u>\$7,974</u>

**Jefferson County Joint Vocational School District
Jefferson County**

**Combined Statement of Cash Flows
Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003**

	Enterprise	Internal Service	Total (Memorandum Only)
<i><u>Increase (Decrease) in Cash and Cash Equivalents:</u></i>			
<i><u>Cash Flows from Operating Activities:</u></i>			
Cash Received from Sales	\$75,822	\$0	\$75,822
Cash Received from Tuition	20,405	0	20,405
Cash Received from Quasi-External Transactions with Other Funds	0	655,139	655,139
Cash Payments for Goods and Services	(70,848)	(59,031)	(129,879)
Cash Payments for Employee Services	(64,653)	0	(64,653)
Cash Payments for Employee Benefits	(27,057)	0	(27,057)
Cash Payments for Claims	0	(686,257)	(686,257)
Net Cash Used by Operating Activities	(66,331)	(90,149)	(156,480)
<i><u>Cash Flows from Noncapital Financing Activities:</u></i>			
Operating Grants Received	54,766	0	54,766
Operating Transfer In	10,000	0	10,000
Net Cash Provided by Noncapital Financing Activities	64,766	0	64,766
<i><u>Cash Flows from Investing Activities:</u></i>			
Interest	0	3,605	3,605
Net Cash Provided by Investing Activities	0	3,605	3,605
Net Decrease in Cash and Cash Equivalents	(1,565)	(86,544)	(88,109)
Cash and Cash Equivalents at Beginning of Year	5,971	228,595	234,566
Cash and Cash Equivalents at End of Year	\$4,406	\$142,051	\$146,457
<i><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u></i>			
Operating Loss	(\$68,819)	(\$50,719)	(\$119,538)
<i><u>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</u></i>			
Depreciation	1,069	0	1,069
Donated Commodities Received During Year	4,783	0	4,783
<i><u>Changes in Assets and Liabilities:</u></i>			
Increase in Inventory Held for Resale	(473)	0	(473)
Increase in Prepaids	(175)	0	(175)
Increase in Accrued Wages Payable	1,153	0	1,153
Decrease in Compensated Absences Payable	(1,054)	0	(1,054)
Decrease in Intergovernmental Payable	(2,815)	0	(2,815)
Decrease in Claims Payable	0	(39,430)	(39,430)
Total Adjustments	2,488	(39,430)	(36,942)
Net Cash Used by Operating Activities	(66,331)	(90,149)	(156,480)

Noncash Operating Activities

Federal Donated Commodities in the amount of \$4,783 were received during the year and recorded as revenue.

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 331.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five member schools throughout Jefferson County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. In September 1975 the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the District is staffed by 25 non-certificated employees and 43 certificated personnel who provide services to 351 students and other community members.

Reporting Entity:

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

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Ohio School Boards Association Workers' Compensation Group Rating Program, which are defined as a jointly governed organization and an insurance purchasing pool. These organizations are presented in Notes 17 and 18.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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, and the payment of, general long-term obligation principal, interest, and related costs.

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type:

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

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations on an accrual basis. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7)

Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements, include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. 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.

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

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow and are intended to be repaid.

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

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

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

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function and object levels of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The treasurer allocates the Board's appropriation to the function and object level.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances: As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

D. Cash and Cash Equivalents

Cash balances of the School District's funds are pooled and invested in short-term investments in order to provide improved cash management. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District has a segregated bank account for monies held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents." During fiscal year 2003, investments were limited to Star Ohio and repurchase agreements, which are reported at cost.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Under existing Ohio Statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. During fiscal year 2003, all investment earnings were credited to the general fund except those specifically related to the self insurance internal service fund. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$4,256.

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

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for the unspent workers' compensation monies. See Note 19 for additional information regarding set-asides.

F. Estimates

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

G. Inventory

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

H. Prepaid Items

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.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid with current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary fund operations are reported as liabilities in the appropriate proprietary funds.

M. 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.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents unspent workers' compensation money.

O. Fund Designations

The School District has a fund balance designation on the balance sheet in the General Fund that represents money set-aside by the Board of Education for budget stabilization.

P. Contributed Capital

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources prior to fiscal year 2002. When capital contributions are received, the receipt will be recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB 33, "Accounting and Reporting for Nonexchange Transactions."

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 – PRIOR PERIOD RESTATEMENTS

During fiscal year 2003, the District had restatements for advances made during fiscal year 2002 to the grants funds for which final payment was less than the advance made by the General Fund resulting in no return payment of the overage as follows:

	General	Special Revenue	Capital Projects
Fund Balance at June 30, 2002	\$580,708	(\$49,671)	(\$56,812)
Advances not repaid in fiscal year 2003	(110,974)	5,409	105,565
Adjusted Fund Balance at June 30, 2003	\$469,734	(\$44,262)	\$48,753

NOTE 4 – ACCOUNTABILITY

Fund Deficits

At June 30, 2003, the following funds had deficit fund balances:

	<u>Deficit Fund Balance</u>
Special Revenue Funds:	
House Bill 282	\$3,905
Miscellaneous State Grants	3,955
Perkins Grant	33,789
Miscellaneous Federal Grants	3,449
Enterprise Fund:	
Food Service	116,358

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit balances were a result of the application of Generally Accepted Accounting Principles.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	(\$194,275)	\$23,346	\$0	(\$37,405)
Revenue Accruals	253,104	0	0	0
Expenditure Accruals	(4,112)	(14,848)	0	5,858
Prepaid Items	4,153	(834)	0	0
Material/Supply Inventory	(87)	0	0	0
Advances	31,848	(10,311)	0	(21,537)
Encumbrances	(15,220)	(282)	0	(281)
Budget Basis	<u>\$75,411</u>	<u>(\$2,929)</u>	<u>\$0</u>	<u>(\$53,365)</u>

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	Net Loss/Excess of Revenues and Transfers In Under Expenses Proprietary Fund Types	
	Enterprise	Internal Service
GAAP Basis	(\$1,137)	(\$47,114)
Revenue Accrual	(4,783)	0
Expense Accrual	771	(39,430)
Loss on Disposal Fixed Assets	1,867	0
Inventory Held for Resale	473	0
Prepays	175	0
Depreciation Expense	1,069	0
Budget Basis	(\$1,565)	(\$86,544)

NOTE 6 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification by at least two nationally recognized rating agencies.

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

At June 30, 2003, the School District's internal service fund had a balance of \$142,051 with OME-RESA, a jointly governed organization (See Note 17). The money is held by the claims services in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$182,574) and the bank balance was \$10,379. The bank balance was covered by federal depository insurance.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Unclassified	Carrying and Fair Value
Repurchase Agreement	\$548,593	\$0	\$548,593
STAR Ohio	0	23,795	23,795
Total	\$548,593	\$23,795	\$572,388

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 Government 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 classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$389,814	\$0
Investments:		
Repurchase Agreements	(548,593)	548,593
STAR Ohio	(23,795)	23,795
GASB Statement 3	(\$182,574)	\$572,388

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 7 - PROPERTY TAXES

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

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

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

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

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

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

The amount available as an advance at June 30, 2003 was \$224,126 in the General Fund. The amount available as an advance at June 30, 2002, was \$ 479,083 in the General Fund.

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 7 - PROPERTY TAXES (Continued)

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

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$708,401,300	68.69 %	\$714,445,560	68.53 %
Public Utility Personal	322,044,314	31.23	327,344,710	31.40
Tangible Personal Property	865,140	0.08	810,270	0.07
Total	\$1,031,310,754	100.00 %	\$1,042,600,540	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$1.50		 \$1.50	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2003, consisted of accounts, property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Funds:	
House Bill 282	\$3,905
Miscellaneous State Grants	3,750
Perkins Grant	38,725
Total Special Revenue Funds	46,380
Total Intergovernmental Receivables	\$46,380

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and Equipment	\$91,373
Less Accumulated Depreciation	(84,050)
Net Fixed Assets	\$7,323

A summary of the changes in general fixed assets during fiscal year 2003 follows:

Asset Category	Balance at 6/30/02	Additions	Deletions	Balance at 6/30/03
Land and Improvements	\$146,786	\$0	\$0	\$146,786
Buildings and Improvements	4,614,793	163,910	2,155	4,776,548
Furniture, Fixtures and Equipment	3,026,193	357,324	469,745	2,913,772
Vehicles	50,594	0	6,900	43,694
Totals	\$7,838,366	\$521,234	\$478,800	\$7,880,800

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003 the School District contracted with Utica National Insurance Company for property fleet and liability insurance. Coverages provided are as follows:

A. Property and Liability

Building and Contents-replacement cost (\$1,000 deductible)	\$11,048,800
Inland Marine Coverage (\$100 deductible)	1,000,000
Boiler and Machinery (\$1,000 deductible)	No limit
Crime Insurance	1,000,000
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$250 deductible)	1,000,000
General Liability:	
Per Occurance	3,000,000
Total Per Year	4,000,000
School Boards Error and Omission	1,000,000
Per Occurance	1,000,000

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 10- RISK MANAGEMENT (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Worker's Compensation

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRPs selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a self insurance internal service fund. The School District is a member of a claims servicing pool, Ohio Mid Eastern Region Educational Service Agency in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$38,894 reported in the internal service fund at June 30, 2003 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the year are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$63,089	\$465,627	\$450,392	\$78,324
2003	\$78,324	\$646,827	\$686,257	\$38,894

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$32,460, \$24,863 and \$19,060 respectively; 97.9 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$668 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$273,958, \$280,813, and \$266,148 respectively; 86.09 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$102 made by the School District and \$91 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$21,074 for fiscal year 2003.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$30,459.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent 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, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding 6/30/02	Additions	Deductions	Principal Outstanding 6/30/03
Compensated Absences	\$239,047	\$94,447	\$107,271	\$226,223
Pension Obligation	2,661	3,494	2,661	3,494
Total General Long-Term Obligations	\$241,708	\$97,941	\$109,932	\$229,717

Compensated absences and the long-term pension obligation, which represents contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 15 - INTERFUND ACTIVITY

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$46,380	\$0
Special Revenue Funds:		
House Bill 282	0	3,905
Miscellaneous State Grants	0	3,750
Perkins	0	38,725
Total Special Revenue Funds	0	46,380
Total All Funds	\$46,380	\$46,380

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Jefferson County Joint Vocational School as of and for the fiscal year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$57,367	\$18,455	\$20,405	\$96,227
Depreciation Expense	1,021	0	48	1,069
Operating Loss	(59,448)	(948)	(8,423)	(68,819)
Donated Commodities	4,783	0	0	4,783
Operating Grants	45,330	0	9,436	54,766
Transfers In	10,000	0	0	10,000
Net Loss	(1,202)	(948)	1,013	(1,137)
Net Working Capital	(6,960)	2,434	456	(4,070)
Total Assets	12,192	2,434	1,205	15,831
Total Equity	364	2,434	455	3,253

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. In fiscal year 2003, the School District contributed \$8,248 to the Agency. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTE 18 – INSURANCE PURCHASING POOL

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

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition any money on hand in a school district's budget reserve set-asides as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside. During fiscal year 2003, the Board voted to maintain the reserve consisting only of refunds from the Bureau of Workers Compensation.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2002	(\$48,739)	\$0	\$17,604
Current year set-aside requirement	47,225	47,225	0
Qualifying Disbursements	<u>(78,225)</u>	<u>(310,563)</u>	<u>0</u>
Totals	<u>(\$79,739)</u>	<u>(\$263,338)</u>	<u>\$17,604</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$79,739)</u>	<u>\$0</u>	<u></u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$0</u>	<u>\$17,604</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. This amount may be carried forward to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$17,604.

The Board of Education has passed a resolution to leave all monies collected for the budget stabilization in the reserve account thus creating a fund designation of \$40,526.

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 21 – 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 decision 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 its future State funding and on its financial operations.

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JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
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 Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03-PU-02	10.550		\$4,783		\$4,783
National School Lunch Program	04-PU-02	10.555	\$43,795		\$42,795	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>43,795</u>	<u>4,783</u>	<u>42,795</u>	<u>4,783</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Vocational Education - Basic Grants to State	FY 02 FY 03	84.048	31,091 <u>245,041</u>		<u>268,345</u>	
Total Vocational Education			<u>276,132</u>		<u>268,345</u>	
Eisenhower Professional Development State Grant Title II Part B	MS-S1-02	84.281	85			
Innovative Education Program Strategies	FY 01 FY 03	84.298	1,460 <u>324</u>			
Total Innovative Education Programs			<u>1,784</u>			
Teacher Quality Improvement Program	FY 02	84.367	336			
Safe and Drug Free School Program	FY 03	84.186	135			
Total Department of Education			<u>278,472</u>		<u>268,345</u>	
U.S. DEPARTMENT OF LABOR						
<i>Passed through Ohio Department of Education</i>						
Workforce Investment Act - Adult		17.258	90,906		90,906	
Workforce Investment Act - Youth		17.259	67,209		65,444	
Workforce Investment Act - Dislocated Worker		17.260	49,499		49,499	
Total Workforce Investment Act			<u>207,614</u>		<u>205,849</u>	
Total Department of Labor			<u>207,614</u>		<u>205,849</u>	
Total Federal Financial Awards			<u>\$529,881</u>	<u>\$4,783</u>	<u>\$516,989</u>	<u>\$4,783</u>

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures (the schedule) summarizes activity of the District's Federal Award Programs. The schedule has been prepared using the cash basis of accounting.

2. FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003 the District had no significant food commodities.



Auditor of State Betty Montgomery

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

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, OH 43910

To the Board of Education:

We have audited the accompanying financial statements of the Jefferson County Joint Vocational School District, Jefferson County as of and for the year ended June 30, 2003, and have issued our report thereon dated November 13, 2003. 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 a certain instance of noncompliance, which we have reported to the management of the Jefferson County Joint Vocational School District in a separate letter dated November 13, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that did not require inclusion in this report that we have reported to management of the district in a separate letter dated November 13, 2003.

This report is intended solely for the information and use of the audit committee, management and the Board of Education, 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

November 13, 2003



Auditor of State Betty Montgomery

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

Jefferson County Joint Vocational School District
Jefferson County
P.O. Box 189 District Highway 22A
Bloomington, Ohio 43910

To The Board of Education:

Compliance

We have audited the compliance of the Jefferson County Joint Vocational School District, Jefferson County, (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 State 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 law, 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.

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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, Board of Education, 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

November 13, 2003

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON 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):	84.048 Perkins Grant
(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**

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JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 6, 2004**