



**Auditor of State  
Betty Montgomery**



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
P.O. Box 157  
Rio Grande, Ohio 45674

To the District Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund and Special Education Consortium Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the District implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
Auditor of State

March 30, 2005

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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The discussion and analysis of the Gallia-Jackson-Vinton Joint Vocational School District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the School Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

### **Financial Highlights**

- Total assets of Gallia-Jackson-Vinton Joint Vocational School District exceeded its liabilities at June 30, 2004 by \$11,071,918. This balance was comprised of a \$9,023,138 balance in capital assets, net of related debt and net asset amounts restricted for specific purposes, and \$2,048,780 in unrestricted net assets.
- In total, net assets of governmental activities increased by \$798,149, which represents a 9.19 percent increase from 2003. Net assets of the business-type activities increased \$464,914, which represents a 41.29 percent increase from 2003.
- General revenues accounted for \$7,185,563 or 85.43 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,225,505 or 14.57 percent of total revenues of \$8,411,068 for the governmental activities.
- The District had \$7,612,919 in expenses related to governmental activities; only \$1,225,505 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$7,185,563 were used to provide for these programs.
- The District had \$1,279,280 in expenses related to business-type activities; 100 percent of the expenses were offset by program specific charges for services and sales, grants and contributions.
- The District recognizes three major governmental funds: the General, Special Education Consortium and Permanent Improvement Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the District combined. The General Fund had \$6,474,450 in revenues and \$5,101,570 in expenditures in fiscal year 2004.
- The District recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the District combined. The Adult Education Fund had \$1,695,379 in revenues and \$1,239,166 in expenses in fiscal year 2004.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
(Unaudited)*

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**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Gallia-Jackson-Vinton Joint Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

**Reporting the District as a Whole**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

**Governmental Activities**

Most of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

**Business-Type Activities**

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District rotary and adult education operations are reported as business activities.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the District's major funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds**

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the District as a whole.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
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**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for 2004 compared to fiscal year 2003:

Table 1  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b><u>Assets:</u></b>						
Current and Other Assets	\$8,521,615	\$7,396,934	\$1,548,006	\$1,246,825	\$10,069,621	\$8,643,759
Capital Assets, Net	4,299,604	4,504,506	216,914	104,724	4,516,518	4,609,230
<i>Total Assets</i>	12,821,219	11,901,440	1,764,920	1,351,549	14,586,139	13,252,989
<b><u>Liabilities:</u></b>						
Long-Term Liabilities	391,585	396,766	59,045	42,986	450,630	439,752
Other Liabilities	2,948,630	2,821,819	114,961	182,563	3,063,591	3,004,382
<i>Total Liabilities</i>	3,340,215	3,218,585	174,006	225,549	3,514,221	3,444,134
<b><u>Net Assets:</u></b>						
Invested in Capital Assets, Net of Related Debt	4,299,604	4,504,506	216,914	104,724	4,516,518	4,609,230
Restricted	4,506,620	3,212,376	0	0	4,506,620	3,212,376
Unrestricted	674,780	965,973	1,374,000	1,021,276	2,048,780	1,987,249
<i>Total Net Assets</i>	<u>\$9,481,004</u>	<u>\$8,682,855</u>	<u>\$1,590,914</u>	<u>\$1,126,000</u>	<u>\$11,071,918</u>	<u>\$9,808,855</u>

Current and other assets increased \$1,425,862 from fiscal year 2003 with governmental activities comprising \$1,124,681 of the increase. This increase is the result of an increase in cash and cash equivalents held by the District.

Capital assets decreased by \$92,712 as a result of the current year depreciation.

Current (other) liabilities increased \$59,209 due to an increase in deferred revenue related to taxes receivable, for fiscal year 2004.

Long-term liabilities increased \$10,878 due to an increase in compensated absences payable.

The net assets of the District business-type activities increased \$464,914 or 41.29 percent. This change is mostly due to the adult education program which increased \$456,213.

For governmental activities, the District's smallest portion of net assets of \$674,780 or 7.12 percent is unrestricted. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

The largest portion of net assets for governmental activities is the net assets related to amounts invested in capital assets, net of related debt of \$4,299,604 or 45.35 percent. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The remaining balance for governmental activities of \$4,506,620 or 47.53 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2  
**Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
<b><u>Revenues:</u></b>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$135,405	\$1,039,761	\$1,175,166
Operating Grants and Contributions	1,071,400	595,527	1,666,927
Capital Grants and Contributions	18,700	0	18,700
<i>General Revenues:</i>			
Property Taxes	2,092,353	0	2,092,353
Unrestricted Grants and Entitlements	4,704,678	0	4,704,678
Investments Earnings	221,342	0	221,342
Miscellaneous	167,190	108,906	276,096
<i>Total Revenues</i>	8,411,068	1,744,194	10,155,262
<b><u>Expenses:</u></b>			
<i>Program Expenses:</i>			
<i>Instruction:</i>			
Regular	33,695	0	33,695
Special	721,308	0	721,308
Vocational	3,259,392	0	3,259,392
Adult/Continuing	357,640	0	357,640

(Continued)

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

Table 2  
**Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
<i>Support Services:</i>			
Pupils	268,876	0	268,876
Instructional Staff	486,793	0	486,793
Board of Education	80,860	0	80,860
Administration	423,149	0	423,149
Fiscal	295,584	0	295,584
Business	46,081	0	46,081
Operation and Maintenance of Plant	1,272,976	0	1,272,976
Pupil Transportation	22,385	0	22,385
Central	178,762	0	178,762
Operation of Non-Instructional Services	165,418	0	165,418
Rotary	0	40,114	40,114
Adult Education	0	1,239,166	1,239,166
<i>Total Expenses</i>	<u>7,612,919</u>	<u>1,279,180</u>	<u>8,892,199</u>
<i>Changes in Net Assets</i>	798,149	464,914	1,263,063
Net Assets at Beginning of Year	<u>8,682,855</u>	<u>1,126,000</u>	<u>9,808,855</u>
Net Assets at End of Year	<u><u>\$9,481,004</u></u>	<u><u>\$1,590,914</u></u>	<u><u>\$11,071,918</u></u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
(Unaudited)*

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The most significant program expenses for the District are Vocational Instruction, Operation and Maintenance of Plant, Special Instruction and Instructional Staff. These programs account for 75.39 percent of the total governmental activities. Vocational Instruction, which accounts for 42.81 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 16.72 percent of the total, represents costs associated with operating and maintaining the District's facilities. Special Instruction, which accounts for 9.47 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Instructional Staff, which represents 6.39 percent of the total, represents costs associated with assisting the teaching staff with the content and process of educating students.

The majority of the funding for the most significant programs indicated above is from property taxes, and grants and entitlements not restricted for specific programs. Property taxes, and grants and entitlements not restricted for specific programs accounts for 80.81 percent of total revenues for governmental activities.

The most significant program expenses for the District's business-type activities is Adult Education. This program, which accounts for 96.85 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition and fees, grants, and contributions.

### **Governmental Activities**

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 24.88 percent and intergovernmental revenue made up 68.89 percent of the total revenue for the governmental activities in fiscal year 2004.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The District's operating millage rate is currently at 2 mills and collections do increase/decrease correspondingly with fluctuations in property valuations.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2004, the District received \$4,778,092 through the State's foundation program, which represents 56.81 percent of the total revenue for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 57.43 percent of governmental program expenses. Support services expenses make up 40.40 percent of governmental expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

**Business-Type Activities**

Business-type activities include the rotary activities and the adult education program. These programs had program revenues of \$1,635,288 and expenses of \$1,279,280 for fiscal year 2004. Over 60 percent of those program revenues were from tuition and classroom materials and fees for the adult education program.

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Activities**

	Total Cost of Services	Net Cost of Services
	2004	2004
<b><u>Program Expenses:</u></b>		
<i>Governmental Activities:</i>		
Instruction	\$4,372,035	\$3,395,968
Support Services	3,075,466	2,969,368
Operation of Non-Instructional Services	165,418	22,078
<i>Business-Type Activities:</i>		
Rotary	40,114	(8,701)
Adult Education	1,239,166	(347,307)
Total Expenses	\$8,892,199	\$6,031,406

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies and procedures). All governmental funds had total revenues and other financing sources of \$10,183,731 and expenditures and other financing uses of \$8,971,215.

Total governmental funds fund balance increased by \$1,212,516. The increase in fund balance for the year was most significant in the Permanent Fund, an increase of \$1,448,309 reflecting proceeds from an operating transfer from the General Fund.

The District should remain stable in fiscal years 2005 through 2007. However, projections beyond fiscal year 2007 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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**Budget Highlights - General Fund**

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

During the course of the fiscal year, the District amended its General Fund budget several times. The District uses a modified program-based budget technique that is designed to control program budgets while providing building administrators and supervisors flexibility for program management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$6,843,602 representing an \$80,330 decrease from the original budget estimates of \$6,923,932. The final budget reflected a 1.16 percent increase from the original budgeted amount. Most of this difference was due to the District budgeting too much for intergovernmental revenues on the original budget. For the General Fund, the final budget basis expenditures were \$7,108,852 representing a decrease of \$1,292,194 from the original budget estimates of \$8,401,046. The final budget reflected a 15.38 percent decrease from the original budgeted amount. The difference is the result of high estimates of Vocational Instruction and Operation and Maintenance of Plant expenditures on the original budget.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the District had \$8.6 million invested in capital assets in the governmental activities and \$0.3 million in the business-type activities. These totals carry accumulated depreciation of \$4.3 million and \$0.06 million, respectively. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

Table 4  
**Capital Assets & Accumulated Depreciation at June 30, 2004**

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
<i>Nondepreciable Capital Assets:</i>				
Land	\$110,702	\$110,702	\$0	\$0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	5,001,978	5,001,978	0	0
Furniture, Fixtures and Equipment	3,178,031	3,207,240	279,359	164,169
Vehicles	234,620	261,570	0	0
Library Books and Textbooks	106,954	106,954	0	0
<i>Total Capital Assets</i>	8,632,285	8,688,444	279,359	164,169
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(2,760,651)	(2,660,611)	0	0
Furniture, Fixtures and Equipment	(1,394,881)	(1,345,904)	(62,445)	(59,445)
Vehicles	(85,943)	(91,565)	0	0
Library Books and Textbooks	(91,206)	(85,858)	0	0
<i>Total Accumulated Depreciation</i>	(4,332,681)	(4,183,938)	(62,445)	(59,445)
Capital Assets, Net	\$4,299,604	\$4,504,506	\$216,914	\$104,724

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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**Debt Administration**

At June 30, 2004, the District had no general obligation debt outstanding.

Detailed information pertaining to the District's only long-term liability activity can be found in the notes to the basic financial statements.

**Current Issues**

Although considered a mid-wealth district, Gallia-Jackson-Vinton Joint Vocational School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is dependent on property taxes and state funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students.

As indicated in the preceding financial information, the District relies on the State funding for over a quarter of their funding. Starting in the summer of 2003 the Governor's Blue Ribbon Task Force on Financing Student Success will begin the challenge of developing a school funding system that is effective and for which a consensus can be developed. As of the date of these financial statements, the District is unable to determine what effect, if any, this task force will have on its future State funding and on its financial statements.

The State Legislature has also made several significant changes impacting local taxes:

In 2003 the Ohio Legislature modified the provisions of the 1999 HB283. This bill was designed to reduce the assessed valuation of the inventory component of personal property tax from 25 percent to 0 percent by 2031. The modification speeds up the reduction of assessed valuation to be completed in half the original time. Effective January 1, 2001 non-municipal owned electric utilities and rural cop-ops were deregulated in the State of Ohio. All electric company personal property were reduced from 100 percent assessed value (from 50 percent for rural co-ops) to 25 percent. (Distribution and transmission of personal property will continue to be assessed at 88 percent.) This significantly reduced revenues to certain school districts and moderately affects others.

Effective May 1, 2001 a kilowatt hour (KWH) tax began being collected. 37.8 percent of these new dollars would be deposited in a new Property Tax Replacement Fund (PTRF). 70 percent of the PTRF will be paid to school districts that lost revenue as determined by the Ohio Department of Taxation. First, distribution will be made to cover costs of fixed sum levies such as debt issues and emergency levies. Next, fixed rate levies would be replaced from 2002 through 2006; after this a phase out formula would begin.

The above changes affect about 13 percent of property tax revenue. Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential growth has not eluded the District over the past few years. Increasing numbers of housing developments are being approved. Residential/agricultural property contributes 73 percent of the District's real estate valuation.

Commercial growth saw an increase in assessed valuation in calendar 2003. This was mainly due to increased valuation of the businesses located mainly in the District.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Donalyn Smith, Treasurer of Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Statement of Net Assets*

*June 30, 2004*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$6,013,380	\$1,529,210	\$7,542,590
Cash and Cash Equivalents in Segregated Accounts	100,000	0	100,000
Property Taxes Receivable	2,255,892	0	2,255,892
Accounts Receivable	14,815	8,890	23,705
Intergovernmental Receivable	112,945	2,115	115,060
Accrued Interest Receivable	150	0	150
Internal Balance	(7,185)	7,185	0
Prepaid Items	11,586	240	11,826
Inventory Held for Resale	7,717	0	7,717
Materials and Supplies Inventory	12,315	366	12,681
Non-Depreciable Capital Assets	110,702	0	110,702
Depreciable Capital Assets, Net	4,188,902	216,914	4,405,816
<i>Total Assets</i>	<u>12,821,219</u>	<u>1,764,920</u>	<u>14,586,139</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	117,920	11,651	129,571
Accrued Wages and Benefits	500,054	75,005	575,059
Contracts Payable	213	700	913
Intergovernmental Payable	184,945	27,605	212,550
Deferred Revenue	2,145,498	0	2,145,498
<i>Long-Term Liabilities:</i>			
Due within One Year	39,865	28,432	68,297
Due in More Than One Year	351,720	30,613	382,333
<i>Total Liabilities</i>	<u>3,340,215</u>	<u>174,006</u>	<u>3,514,221</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets	4,299,604	216,914	4,516,518
<i>Restricted for:</i>			
Capital Projects	4,395,530	0	4,395,530
Other Purposes	111,090	0	111,090
Unrestricted	674,780	1,374,000	2,048,780
<i>Total Net Assets</i>	<u>\$9,481,004</u>	<u>\$1,590,914</u>	<u>11,071,918</u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2004*

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$33,695	\$8,435	\$0	\$0
Special	721,308	0	707,541	0
Vocational	3,259,392	25,323	31,705	0
Adult/Continuing	357,640	0	203,063	0
<i>Support Services:</i>				
Pupils	268,876	0	25,010	0
Instructional Staff	486,793	0	38,653	18,700
Board of Education	80,860	0	0	0
Administration	423,149	0	0	0
Fiscal	295,584	0	0	0
Business	46,081	0	0	0
Operation and Maintenance of Plant	1,272,976	0	2,735	0
Pupil Transportation	22,385	0	0	0
Central	178,762	0	21,000	0
<i>Operation of Non-Instructional Services:</i>				
Food Services	165,418	101,647	41,693	0
<i>Total Governmental Activities</i>	<u>7,612,919</u>	<u>135,405</u>	<u>1,071,400</u>	<u>18,700</u>
<b><u>Business-Type Activities:</u></b>				
Rotary	40,114	48,815	0	0
Adult Education	1,239,166	990,946	595,527	0
<i>Total Business-Type Activities</i>	<u>1,279,280</u>	<u>1,039,761</u>	<u>595,527</u>	<u>0</u>
<i>Totals</i>	<u>\$8,892,199</u>	<u>\$1,175,166</u>	<u>\$1,666,927</u>	<u>\$18,700</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
 Grants and Entitlements not Restricted to Specific Programs  
 Investment Earnings  
 Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets at Beginning of Year - As Restated (See Note 3)*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$25,260)	\$0	(\$25,260)
(13,767)	0	(13,767)
(3,202,364)	0	(3,202,364)
(154,577)	0	(154,577)
(243,866)	0	(243,866)
(429,440)	0	(429,440)
(80,860)	0	(80,860)
(423,149)	0	(423,149)
(295,584)	0	(295,584)
(46,081)	0	(46,081)
(1,270,241)	0	(1,270,241)
(22,385)	0	(22,385)
(157,762)	0	(157,762)
<u>(22,078)</u>	<u>0</u>	<u>(22,078)</u>
<u>(6,387,414)</u>	<u>0</u>	<u>(6,387,414)</u>
0	8,701	8,701
<u>0</u>	<u>347,307</u>	<u>347,307</u>
0	356,008	356,008
<u>(6,387,414)</u>	<u>356,008</u>	<u>(6,031,406)</u>
2,092,353	0	2,092,353
4,704,678	0	4,704,678
221,342	0	221,342
<u>167,190</u>	<u>108,906</u>	<u>276,096</u>
<u>7,185,563</u>	<u>108,906</u>	<u>7,294,469</u>
798,149	464,914	1,263,063
<u>8,682,855</u>	<u>1,126,000</u>	<u>9,808,855</u>
<u>\$9,481,004</u>	<u>\$1,590,914</u>	<u>\$11,071,918</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2004*

	General	Special Education Consortium	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$1,164,392	\$194,234	\$3,115,173	\$1,506,824	\$5,980,623
Cash and Cash Equivalents in Segregated Accounts	100,000	0	0	0	100,000
Property Taxes Receivable	2,255,892	0	0	0	2,255,892
Accounts Receivable	0	0	0	14,815	14,815
Intergovernmental Receivable	0	0	0	112,945	112,945
Accrued Interest Receivable	150	0	0	0	150
Interfund Receivable	152,120	0	0	0	152,120
Prepaid Items	10,506	828	0	252	11,586
Inventory Held for Resale	0	0	0	7,717	7,717
Materials and Supplies Inventory	11,617	0	0	698	12,315
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	32,757	0	0	0	32,757
<i>Total Assets</i>	<u>\$3,727,434</u>	<u>\$195,062</u>	<u>\$3,115,173</u>	<u>\$1,643,251</u>	<u>\$8,680,920</u>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$37,858	\$17,944	\$0	\$62,118	\$117,920
Accrued Wages and Benefits	409,596	68,760	0	21,698	500,054
Contracts Payable	213	0	0	0	213
Intergovernmental Payable	89,407	47,389	0	14,225	151,021
Interfund Payable	0	0	0	159,305	159,305
Deferred Revenue	2,145,498	0	0	64,341	2,209,839
Compensated Absences Payable	12,268	0	0	0	12,268
<i>Total Liabilities</i>	<u>2,694,840</u>	<u>134,093</u>	<u>0</u>	<u>321,687</u>	<u>3,150,620</u>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	69,158	21,414	0	265,997	356,569
Reserved for Property Taxes	110,394	0	0	0	110,394
Reserved for Set Asides	32,757	0	0	0	32,757
<i>Unreserved, Undesignated, Reported in:</i>					
General Fund	820,285	0	0	0	820,285
Special Revenue Funds	0	39,555	0	25,528	65,083
Capital Projects Funds	0	0	3,115,173	1,030,039	4,145,212
<i>Total Fund Balances</i>	<u>1,032,594</u>	<u>60,969</u>	<u>3,115,173</u>	<u>1,321,564</u>	<u>5,530,300</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,727,434</u>	<u>\$195,062</u>	<u>\$3,115,173</u>	<u>\$1,643,251</u>	<u>\$8,680,920</u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2004*

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<b>Total Governmental Funds Balances</b>	\$5,530,300
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and and therefore are not reported in the funds.	4,299,604
Some of the District's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Intergovernmental	64,341
Intergovernmental payables include contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(33,924)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Compensated absences	<u>(379,317)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$9,481,004</u></u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Statement of Revenues, Expenditures and Changes in Fund Balances*

*Governmental Funds*

*For the Fiscal Year Ended June 30, 2004*

	General	Special Education Consortium	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$2,092,353	\$0	\$0	\$0	\$2,092,353
Intergovernmental	4,059,520	703,041	0	1,238,438	6,000,999
Interest	219,557	0	0	1,785	221,342
Tuition and Fees	8,435	0	0	23,588	32,023
Charges for Services	0	0	0	101,775	101,775
Miscellaneous	94,585	2,569	0	71,643	168,797
<i>Total Revenues</i>	<u>6,474,450</u>	<u>705,610</u>	<u>0</u>	<u>1,437,229</u>	<u>8,617,289</u>
<b><u>Expenditures:</u></b>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	33,695	0	0	0	33,695
Special	13,752	706,285	0	10,826	730,863
Vocational	2,900,968	0	0	277,857	3,178,825
Adult/Continuing	0	0	0	370,711	370,711
<i>Support Services:</i>					
Pupils	192,472	0	0	75,350	267,822
Instructional Staff	229,789	12,164	0	262,362	504,315
Board of Education	80,905	0	0	0	80,905
Administration	369,973	35,080	0	20,802	425,855
Fiscal	288,185	0	0	8,329	296,514
Business	44,574	0	0	0	44,574
Operation and Maintenance of Plant	825,612	0	0	292,019	1,117,631
Pupil Transportation	16,940	0	0	0	16,940
Central	104,705	0	0	74,057	178,762
Operation of Non-Instructional Services	0	0	0	159,387	159,387
<i>Total Expenditures</i>	<u>5,101,570</u>	<u>753,529</u>	<u>0</u>	<u>1,551,700</u>	<u>7,406,799</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,372,880</u>	<u>(47,919)</u>	<u>0</u>	<u>(114,471)</u>	<u>1,210,490</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from the Sale of Capital Assets	2,026	0	0	0	2,026
Transfers In	0	0	1,448,309	116,107	1,564,416
Transfers Out	(1,564,416)	0	0	0	(1,564,416)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,562,390)</u>	<u>0</u>	<u>1,448,309</u>	<u>116,107</u>	<u>2,026</u>
<i>Net Change in Fund Balances</i>	(189,510)	(47,919)	1,448,309	1,636	1,212,516
<i>Fund Balances at Beginning of Year - As Restated (See Note 3)</i>	1,222,104	108,888	1,666,864	1,319,928	4,317,784
<i>Fund Balances at End of Year</i>	<u>\$1,032,594</u>	<u>\$60,969</u>	<u>\$3,115,173</u>	<u>\$1,321,564</u>	<u>\$5,530,300</u>

See accompanying notes to the basic financial statements.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2004*

**Net Change in Fund Balances - Total Governmental Funds** \$1,212,516

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 40,140

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (245,042)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:  
Intergovernmental (206,221)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	(109)
Decrease in intergovernmental payables	<u>(3,135)</u>

Total expenditures not reported in the funds (3,244)

*Change in Net Assets of Governmental Activities* \$798,149

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$1,988,827	\$2,039,650	\$2,039,650	\$0
Intergovernmental	4,223,517	4,059,520	4,059,520	0
Interest	191,000	219,564	219,564	0
Tuition and Fees	9,700	8,560	8,560	0
Miscellaneous	267,418	272,571	272,571	0
<i>Total Revenues</i>	<u>6,680,462</u>	<u>6,599,865</u>	<u>6,599,865</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	97,471	36,877	36,877	0
Special	0	32,044	32,044	0
Vocational	3,422,496	3,026,517	3,026,517	0
<i>Support Services:</i>				
Pupils	309,046	209,860	209,860	0
Instructional Staff	197,817	276,420	276,420	0
Board of Education	133,496	108,393	108,393	0
Administration	430,276	391,881	391,881	0
Fiscal	327,339	283,135	283,135	0
Business	50,801	44,434	44,434	0
Operation and Maintenance of Plant	1,328,377	858,895	858,895	0
Pupil Transportation	96,172	17,744	17,744	0
Central	201,499	107,316	107,316	0
<i>Total Expenditures</i>	<u>6,594,790</u>	<u>5,393,516</u>	<u>5,393,516</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>85,672</u>	<u>1,206,349</u>	<u>1,206,349</u>	<u>0</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	2,606	2,026	2,026	0
Advances In	240,864	241,711	241,711	0
Advances Out	(300,000)	(150,920)	(150,920)	0
Transfers Out	(1,506,256)	(1,564,416)	(1,564,416)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,562,786)</u>	<u>(1,471,599)</u>	<u>(1,471,599)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(1,477,114)</u>	<u>(265,250)</u>	<u>(265,250)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	1,223,096	1,223,096	1,223,096	0
Prior Year Encumbrances Appropriated	<u>252,511</u>	<u>252,511</u>	<u>252,511</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>(\$1,507)</u></u>	<u><u>\$1,210,357</u></u>	<u><u>\$1,210,357</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Special Education Consortium Fund  
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$732,014	\$705,610	\$705,610	\$0
Miscellaneous	2,000	2,569	2,569	0
<i>Total Revenues</i>	<u>734,014</u>	<u>708,179</u>	<u>708,179</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Special	811,504	794,427	794,427	0
<i>Support Services:</i>				
Instructional Staff	5,617	12,059	12,059	0
Administration	49,126	35,080	35,080	0
<i>Total Expenditures</i>	<u>866,247</u>	<u>841,566</u>	<u>841,566</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(132,233)</u>	<u>(133,387)</u>	<u>(133,387)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers Out	(123,176)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(123,176)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(255,409)</u>	<u>(133,387)</u>	<u>(133,387)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	122,050	122,050	122,050	0
Prior Year Encumbrances Appropriated	133,358	133,358	133,358	0
<i>Fund Balance at End of Year</i>	<u>(\$1)</u>	<u>\$122,021</u>	<u>\$122,021</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Statement of Net Assets*

*Proprietary Funds*

*June 30, 2004*

	Business-Type Activities		
	Adult Education	Other Enterprise Fund	Total Enterprise Funds
<b><u>Assets:</u></b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,390,895	\$138,315	\$1,529,210
Accounts Receivable	8,124	766	8,890
Intergovernmental Receivable	2,115	0	2,115
Interfund Receivable	7,185	0	7,185
Prepaid Items	240	0	240
Materials and Supplies Inventory	366	0	366
<i>Noncurrent Assets:</i>			
Depreciable Capital Assets, Net	216,914	0	216,914
<i>Total Assets</i>	<u>1,625,839</u>	<u>139,081</u>	<u>1,764,920</u>
<b><u>Liabilities:</u></b>			
<i>Current Liabilities:</i>			
Accounts Payable	11,651	0	11,651
Accrued Wages and Benefits	75,005	0	75,005
Contracts Payable	700	0	700
Intergovernmental Payable	27,605	0	27,605
Compensated Absences Payable	28,432	0	28,432
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	59,045	0	59,045
<i>Total Liabilities</i>	<u>174,006</u>	<u>0</u>	<u>174,006</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets	216,914	0	216,914
Unrestricted	1,234,919	139,081	1,374,000
<i>Total Net Assets</i>	<u><u>\$1,451,833</u></u>	<u><u>\$139,081</u></u>	<u><u>\$1,590,914</u></u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2004*

	Business-Type Activities		
	Adult Education	Other Enterprise Fund	Total Enterprise Funds
<b><u>Operating Revenues:</u></b>			
Tuition	\$355,962	\$0	\$355,962
Sales	236,386	0	236,386
Charges for Services	398,598	48,815	447,413
Other Revenues	108,906	0	108,906
<i>Total Operating Revenues</i>	<u>1,099,852</u>	<u>48,815</u>	<u>1,148,667</u>
<b><u>Operating Expenses:</u></b>			
Salaries	778,390	0	778,390
Fringe Benefits	164,389	0	164,389
Purchased Services	126,483	800	127,283
Materials and Supplies	43,721	39,058	82,779
Depreciation	7,816	0	7,816
Other	101,520	256	101,776
<i>Total Operating Expenses</i>	<u>1,222,319</u>	<u>40,114</u>	<u>1,262,433</u>
<i>Operating Income (Loss)</i>	<u>(122,467)</u>	<u>8,701</u>	<u>(113,766)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Federal and State Subsidies	595,527	0	595,527
Loss on Sale of Capital Assets	(16,847)	0	(16,847)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>578,680</u>	<u>0</u>	<u>578,680</u>
<i>Change in Net Assets</i>	456,213	8,701	464,914
<i>Net Assets at Beginning of Year - As Restated (See Note 3)</i>	<u>995,620</u>	<u>130,380</u>	<u>1,126,000</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,451,833</u></u>	<u><u>\$139,081</u></u>	<u><u>\$1,590,914</u></u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2004

	Business-Type Activities		
	Adult Education	Other Enterprise Fund	Total Enterprise Funds
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$1,023,063	\$49,084	\$1,072,147
Other Cash Receipts	108,906	0	108,906
Cash Payments to Employees for Services	(760,626)	0	(760,626)
Cash Payments for Employee Benefits	(157,381)	0	(157,381)
Cash Payments for Goods and Services	(236,516)	(39,858)	(276,374)
Other Cash Payments	(105,880)	(256)	(106,136)
<i>Net Cash from Operating Activities</i>	<u>(128,434)</u>	<u>8,970</u>	<u>(119,464)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	595,134	0	595,134
<i>Net Cash from Noncapital Financing Activities</i>	<u>595,134</u>	<u>0</u>	<u>595,134</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Payments for Capital Acquisitions	(136,853)	0	(136,853)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(136,853)</u>	<u>0</u>	<u>(136,853)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	329,847	8,970	338,817
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,061,048	129,345	1,190,393
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$1,390,895</u>	<u>\$138,315</u>	<u>\$1,529,210</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Operating Income (Loss)	(\$122,467)	\$8,701	(\$113,766)
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Depreciation	7,816	0	7,816
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	38,101	269	38,370
Interfund Receivable	(5,984)	0	(5,984)
Prepaid Items	5,726	0	5,726
Materials and Supplies Inventory	(83)	0	(83)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(76,359)	0	(76,359)
Contracts Payable	700	0	700
Accrued Wages and Benefits	1,705	0	1,705
Intergovernmental Payable	6,352	0	6,352
Compensated Absences Payable	16,059	0	16,059
<i>Total Adjustments</i>	<u>(5,967)</u>	<u>269</u>	<u>(5,698)</u>
<i>Net Cash from Operating Activities</i>	<u>(\$128,434)</u>	<u>\$8,970</u>	<u>(\$119,464)</u>

See accompanying notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Gallia-Jackson-Vinton Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 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 Gallia-Jackson-Vinton Joint Vocational School District includes six participating districts spread throughout Gallia, Jackson, and Vinton Counties.

The Gallia-Jackson-Vinton Joint Vocational School District operates under a nine-member Board of Education and is responsible for the provision of public education to residents of the District. The Board of Education of the District is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and four members from the three local school districts. The District has an enrollment of 991 students and is staffed by 22 classified, 57 certified, and 13 administrative employees.

**Reporting Entity**

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the District are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the Gallia-Jackson-Vinton Joint Vocational School District, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

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

The District is involved with the Southeast Ohio Voluntary Educational Consortium (SEOVEC) and the Southeastern Ohio Special Education Regional Resource Center (SERRC), which are defined as jointly governed organizations. The District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as a public entity risk pool. Additional information concerning the jointly governed organizations and public entity risk pool is presented in Note 17.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within two categories: governmental and proprietary.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**Governmental Funds**

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

The following are the District's major governmental funds:

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

**Special Education Consortium Fund**- This fund is used to account for proceeds of intergovernmental revenue for the purpose of financing the special education program.

**Permanent Improvement Fund**- This fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

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

**Proprietary Funds**

The proprietary fund focus is on the determination of the change in net assets, financial position and cash flows. The District's proprietary funds are classified as enterprise. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the District's only major proprietary fund:

**Adult Education Fund** - This fund is used to account for transactions made in connection with adult education classes.

The other proprietary fund of the District accounts for transactions made in connection with goods and services provided by vocational education classes.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

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

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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

**E. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized by the Board to allocate appropriations to the function and object level within the fund.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2004 (See Note 4).

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during fiscal year 2004.

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. "Cash and Cash Equivalents in Segregated Accounts" represents a certificate of deposit.

During the fiscal year 2004, the District's investments were limited to a certificate of deposit. This investment had a maturity of less than two years. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District credits interest to the General and Food Service (Special Revenue) Funds. Interest revenue credited to the General Fund during fiscal year 2004 amounted to \$219,557, which includes \$178,312 assigned from other District funds.

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

**G. Inventory**

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

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. As of June 30, 2004, the District reported restricted assets in the General Fund which represent cash and cash equivalents set aside for a budget stabilization reserve.

**J. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two hundred dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost 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. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 20 years
Library Books and Textbooks	5 - 20 years

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances". The District has \$7,185 of internal balances which is the result of a payment from the Pell Grant (Nonmajor Special Revenue) Fund to the Adult Education Fund.

**L. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The 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 District has identified as probable of receiving payments 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 12 years of service with the District.

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

For the governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees will be paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**M. Accrued Liabilities and Long-Term Liabilities**

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

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**O. Fund Balance Reserves**

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

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for the rotary activity, and adult education programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of that fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

**Q. Interfund Transactions**

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

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

**R. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

**Changes in Accounting Principles**

For fiscal year 2004, the District has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments,” GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.” At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statement Nos. 37 and 38, and GASB Interpretation No. 6.

GASB Statement No. 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements present the District’s programs as governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

**Restatement of Fund Balances/Net Assets**

The restatements for fund reclassifications, the elimination of proprietary capital assets reclassified to governmental activities and GASB Statement No. 34 had the following effects on the fund balance of major and nonmajor governmental funds of the District as they were previously reported.

	General	Special Education Consortium	Permanent Improvement	Nonmajor Governmental	Total
Fund Balances, June 30, 2003	\$1,222,104	\$108,888	\$1,666,864	\$1,254,020	\$4,251,876
Reclassify Food Service Fund	0	0	0	115,950	115,950
Reclassify Uniform School Supply Fund	0	0	0	13,597	13,597
Elimination of Capital Assets	0	0	0	(63,639)	(63,639)
Adjusted Fund Balances, June 30, 2003	<u>\$1,222,104</u>	<u>\$108,888</u>	<u>\$1,666,864</u>	<u>\$1,319,928</u>	4,317,784
<i>GASB 34 Adjustments:</i>					
Intergovernmental Receivable					270,562
Capital Assets					4,504,506
Intergovernmental Payable					(30,789)
<i>Long-Term Obligation:</i>					
Compensated Absences Payable					<u>(379,208)</u>
Governmental Activities Net Assets, June 30, 2003					<u><u>\$8,682,855</u></u>



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS** - (Continued)

The restatements for fund reclassifications and capital asset adjustment had the following effects on the fund balance of major and nonmajor enterprise funds of the District as they were previously reported.

	Adult Education	Nonmajor Enterprise	Total
Net Assets, June 30, 2003	\$1,020,541	\$259,927	\$1,280,468
Reclassify Food Service Fund	0	(115,950)	(115,950)
Reclassify Uniform School Supply Fund	0	(13,597)	(13,597)
Adjust Capital Assets	(24,921)	0	(24,921)
Adjusted Net Assets, June 30, 2003	<u>\$995,620</u>	<u>\$130,380</u>	<u>\$1,126,000</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis), is presented for the General and Special Education Consortium Funds 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.
4. Advances-in, advances-out and principal payments on short-term notes are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** - (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General and Special Education Consortium Funds:

	Net Change in Fund Balance	
	General	Special Education Consortium
GAAP Basis	(\$189,510)	(\$47,919)
<i>Adjustments:</i>		
Revenue Accruals	125,415	2,569
Expenditure Accruals	(205,596)	(15,824)
Encumbrances	(86,350)	(72,213)
Other Sources (Uses)	90,791	0
Budget Basis	(\$265,250)	(\$133,387)

**NOTE 5 - ACCOUNTABILITY**

**Fund Deficits**

Fund balances at June 30, 2004 included the following individual fund deficits:

*Nonmajor Special Revenue Funds:*

Career Development Grant	\$83
Adult Basic Education Grant	25,362
Title VI-B Grant	799
PELL - Basic Education Opportunities Grant	7,185
Title VI Grant	6
Title II-A Grant	2,110
Miscellaneous Federal Grants	16,556

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

State law requires the classification of monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

State Statute permits interim monies to be deposited or invested in the following securities:

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 6 - DEPOSITS AND INVESTMENTS** - (Continued)

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements." The District held no investments that require categorization in accordance with GASB Statement No. 3.

**Deposits:** At fiscal year-end, the carrying amount of the District's deposits was \$7,642,590 and the bank balance was \$7,682,020. \$200,000 of the bank balance was covered by federal depository insurance. \$7,482,020 was collateralized with securities held by the District or by its agency in the District's name. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second - Half Collections		2004 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$752,189,970	73.0%	\$782,484,470	70.6%
Public Utility Personal	175,591,180	17.0%	209,560,440	18.9%
Tangible Personal Property	102,698,912	10.0%	115,883,380	10.5%
Total Assessed Value	<u>\$1,030,480,062</u>	<u>100.0%</u>	<u>\$1,107,928,290</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 7 - PROPERTY TAXES** - (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Gallia, Jackson, Vinton, Hocking, and Lawrence Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2004 is available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. Gallia-Jackson-Vinton Joint Vocational School District had \$110,394 available for advance at June 30, 2004.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (tuition and fees), and intergovernmental grants and entitlements. 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 follow:

	<u>Amounts</u>
<i>Adult Education Fund:</i>	
Adult Education - State Reimbursement	\$2,115
<i>Nonmajor Special Revenue Funds:</i>	
Adult Full Service Center	3,869
Supplemental Equipment Grant	19,425
Adult Basic Education Grant	31,792
Title VI-B Grant	4,000
Carl D. Perkins Grant	22,985
Title VI Grant	2,325
Title II-A Grant	3,549
Miscellaneous Federal Grants	25,000
<i>Total Nonmajor Special Revenue Funds</i>	<u>112,945</u>
<i>Total Intergovernmental Receivables - All Funds</i>	<u><u>\$115,060</u></u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 9 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2004 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2003</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at June 30, 2004</u>
<b>Governmental Activities</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$110,702	\$0	\$0	\$110,702
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	5,001,978	0	0	5,001,978
Furniture, Fixtures and Equipment	3,207,240	306,155	(335,364)	3,178,031
Vehicles	261,570	0	(26,950)	234,620
Library Books and Textbooks	106,954	0	0	106,954
Total Depreciable Capital Assets	<u>8,577,742</u>	<u>306,155</u>	<u>(362,314)</u>	<u>8,521,583</u>
Total Capital Assets	<u>8,688,444</u>	<u>306,155</u>	<u>(362,314)</u>	<u>8,632,285</u>
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(2,660,611)	(100,040)	0	(2,760,651)
Furniture, Fixtures and Equipment	(1,345,904)	(150,753)	101,776	(1,394,881)
Vehicles	(91,565)	(9,874)	15,496	(85,943)
Library Books and Textbooks	(85,858)	(5,348)	0	(91,206)
Total Accumulated Depreciation	<u>(4,183,938)</u>	<u>(266,015)</u>	<u>117,272</u>	<u>(4,332,681)</u>
Governmental Activities Capital Assets, Net	<u>\$4,504,506</u>	<u>\$40,140</u>	<u>(\$245,042)</u>	<u>\$4,299,604</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 9 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<b>Governmental Activities</b>	
<i>Instruction:</i>	
Special	\$566
Vocational	17,637
Adult/Continuing	628
<i>Support Services:</i>	
Pupils	1,274
Instructional Staff	2,206
Administration	517
Fiscal	1,216
Business	1,216
Operation and Maintenance of Plant	227,433
Pupil Transportation	5,731
Operation of Non-Instructional Services	7,591
Governmental Activities Depreciation Expense	<u><u>\$266,015</u></u>

Capital asset business-type activity for the fiscal year ended June 30, 2004 was as follows:

Asset Category	Balance at July 1, 2003	Transfers/ Additions	Transfers/ Deletions	Balance at June 30, 2004
<b>Business-Type Activities</b>				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$164,169	\$136,853	(\$21,663)	\$279,359
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	<u>(59,445)</u>	<u>(7,816)</u>	<u>4,816</u>	<u>(62,445)</u>
Business-Type Activities Capital Assets, Net	<u><u>\$104,724</u></u>	<u><u>\$129,037</u></u>	<u><u>(\$16,847)</u></u>	<u><u>\$216,914</u></u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 10 - RISK MANAGEMENT**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the District contracted with Harcum - Hyre Insurance Agency Inc. for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$23,481,890
Inland Marine Coverage (\$1,000 deductible)	210,000
Automobile Liability (\$250 deductible for comprehensive and \$500 for collision) Buses (\$1,000 deductible for both)	1,000,000
Uninsured Motorists (\$50 deductible for comprehensive and \$250 for collision)	1,000,000
Garage Keepers (\$250 deductible for comprehensive and \$500 for collision)	50,000
Professional and General Liability	5,000,000
Umbrella Liability	1,000,000
Public Official Bonds:	
Treasurer	50,000
Superintendent	50,000
Board President	20,000
Public Employee Dishonesty (\$1,000 deductible)	50,000

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

**Workers' Compensation**

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio, 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate for the District is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09 percent of annual covered salary was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$73,656, \$67,728, and \$35,549 respectively; 50.9 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$36,142 representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds.

**State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent. Of the District's contribution, 13 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$490,680, \$453,650, and \$329,315 respectively; 84.6 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$75,779 representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds.

**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, 2004, all seven members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POST-EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly medicare premiums. Benefit provisions and the obligation 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.

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$37,745 during fiscal year 2004.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 12 - POST-EMPLOYMENT BENEFITS** - (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. 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 2004, the minimum pay has been established at \$25,400. 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 health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$55,404 during the 2004 fiscal year.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260/261 days per year, earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 125 percent of total contract days for administrators, 240 days for teachers, and 240 days for classified employees. Upon retirement, certificated employees receive one-fourth of the total sick leave accumulation up to a maximum of sixty (60) days. One additional day is given for each five years of service from fifteen (15) to thirty-five (35) years.

Upon retirement administrative employees receive payment for one-fourth of the total sick leave accrued, based upon historical employment information. One additional day is given for each five years of service from fifteen (15) to thirty-five (35) years.

Classified employees, upon retirement, receive payment for one-fourth of the total sick leave accumulation, up to a maximum of sixty (60) days.

**Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to all full-time employees through Anthem P.P.O., in the amount of \$20,000.

The District contracts with United Healthcare for hospitalization and major medical insurance for all full-time employees. The District pays monthly premiums of \$1,059 for family coverage and \$353 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a prescription deductible of \$10 for formulary generic, \$15 for formulary brand, and \$30 for non-formulary.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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***NOTE 14 - INTERFUND ACTIVITY***

Interfund balances at June 30, 2004 were comprised of the following interfund receivables and interfund payables:

	Interfund Receivables	Interfund Payables
<i>General Fund</i>	\$152,120	\$0
<i>Adult Education Fund</i>	7,185	0
<i>Nonmajor Special Revenue Funds:</i>		
Uniform School Supply	0	1,200
Adult Basic Literacy Education	0	23,146
Adult Full Service Center	0	3,869
Supplemental Equipment Grant	0	19,425
Title VI-B Grant	0	4,000
Carl D. Perkins Grant	0	11,808
PELL - Basic Education Opportunities Grant	0	14,445
Title VI Grant	0	2,325
Title II-A Grant	0	3,549
Miscellaneous Federal Grants	0	21,710
<i>Total Nonmajor Special Revenue Funds</i>	0	105,477
<i>Nonmajor Capital Projects Fund:</i>		
Vocational Education Equipment	0	53,828
<i>Total</i>	<u>\$159,305</u>	<u>\$159,305</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 14 - INTERFUND ACTIVITY - (Continued)**

Interfund balances at June 30, 2004 were comprised of the following interfund receivable and interfund payables:

<b>Transfers From</b>	<b>Transfers To</b>			
	Permanent Improvement	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
General	\$1,448,309	\$100,000	\$16,107	\$1,564,416

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year 2004, the District made transfers from the General Fund of 1,448,309 to the Permanent Improvement Fund to make improvements to facilities and equipment.

**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in the governmental activities long-term obligations of the District during fiscal year 2004 were as follows:

	Principal Outstanding July 1, 2003	Additions	Deletions	Principal Outstanding June 30, 2004	Amount Due in One Year
<i>Governmental Activities:</i>					
Compensated Absences Payable	\$387,882	\$143,525	\$139,822	\$391,585	\$39,865

The compensated absences of the governmental activities are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees of the governmental activities are paid from the General Fund.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

**NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)**

Changes in the business-type activities long-term obligations of the District during fiscal year 2004 were as follows:

	Principal Outstanding July 1, 2003	Additions	Deletions	Principal Outstanding June 30, 2004	Amount Due in One Year
<i>Business-Type Activities:</i>					
Compensated Absences Payable	\$42,986	\$58,933	\$42,874	\$59,045	\$28,432

The compensated absences of the business-type activities are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees of the business-type activities are paid from the Adult Education Fund.

**NOTE 16 - STATUTORY SET ASIDES**

The 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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Effective April 10, 2001, Senate Bill 345 eliminated the Statutory requirement for a budget reserve; however, the amount of the budget reserve funded with workers' compensation refunds or rebates may only be used to offset a budget deficit or certain other expenditures as directed by the Board of Education.

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

Account	Textbook	Capital Improvement	Budget Stabilization	Totals
Set Aside Balances Carried Forward as of June 30, 2003	\$0	\$0	\$32,757	\$32,757
FY 2004 Set Aside Required	88,173	88,173	0	176,346
FY 2004 Qualifying Disbursements	88,173	88,173	0	176,346
Set Aside Balances Carried Forward to FY 2004	0	0	32,757	32,757
Set Aside Reserve Balances at June 30, 2004	\$0	\$0	\$32,757	
Total Restricted Assets				\$32,757

Senate Bill 345 eliminated the Budget Stabilization Reserve, except for amounts related to unspent Bureau of Workers' Compensation refunds. The Bill requires the Board of Education to designate its intended use of the Reserve.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 16 - STATUTORY SET ASIDES** - (Continued)

The District had qualifying disbursements during the year that reduced the textbook and capital improvement set aside amounts to zero. For the textbook set aside, if expenditures exceed current year or accumulated set aside requirements, or if the actual reserve cash balance exceeds the set aside requirements, the excess may be carried forward to offset future textbook set aside requirements. For the capital improvement set aside, only an actual reserve cash balance that exceeds the set aside requirements may be carried forward to offset future capital improvement set aside requirements.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL**

**Southeast Ohio Voluntary Educational Consortium**

Southeast Ohio Voluntary Educational Consortium (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts.

Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. During fiscal year 2004, the Gallia-Jackson-Vinton Joint Vocational School District paid SEOVEC \$4,604 in fees.

**Southeastern Ohio Special Education Regional Resource Center**

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Currently, the District has no representative on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

**Public Entity Risk Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the Ohio School Boards Association (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.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**NOTE 18 - SCHOOL FUNDING DECISION**

On December 11, 2003, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's Current School funding Plan is unconstitutional. The Supreme Court relinquish jurisdiction over the case and directed "... the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

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

**NOTE 19 - CONTINGENCIES**

**Grants:** The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$	\$ 6,942	\$	\$ 6,679
National School Lunch Program	10.555	LL-P4-03 LL-P4-04	4,245 28,963		4,245 28,963	
Total National School Lunch Program			<u>33,208</u>	<u>0</u>	<u>33,208</u>	<u>0</u>
Total Nutrition Cluster			<u>33,208</u>	<u>6,942</u>	<u>33,208</u>	<u>6,679</u>
Total United States Department of Agriculture			33,208	6,942	33,208	6,679
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Adult Education - State Grant Program						
	84.002	AB-S1-03 AB-S1-03C AB-S1-04 AB-S2-03 AB-S2-03C AB-S2-04	18,988 22,648 92,252 (4,328) 4,328 26,095		25,918 92,252 22,648 3,625 4,328 26,734	
Total Adult Education - State Grant Program			<u>159,983</u>	<u>0</u>	<u>175,505</u>	<u>0</u>
Special Education - Grants to States	84.027	6B-SD-03P 6B-SD-04P			7,000 1,300	
Total Special Education-Grants to States			<u>4,500</u>	<u>0</u>	<u>8,300</u>	<u>0</u>
Vocational Education - Basic Grants to States	84.048	20-C1-03 20-C1-04 20-C2-03 20-C2-04	206,860 271,414 14,020 95,142		18,236 277,748 7,809 98,090	
Total Vocational Education - Basic Grants to States			<u>587,436</u>	<u>0</u>	<u>401,883</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-03	1,165 1,333		1,333	
Total Safe and Drug-Free Schools and Communities-State Grants			<u>2,498</u>	<u>0</u>	<u>1,333</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-03 C2-S1-04	3,228 1,630		2,765 1,957	
Total Innovative Education Program Strategies			<u>4,858</u>	<u>0</u>	<u>4,722</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	TR-S1-03	731 779		377 2,889	
Total Improving Teacher Quality State Grants			<u>1,510</u>	<u>0</u>	<u>3,266</u>	<u>0</u>
Student Financial Assistance Cluster:						
Federal Pell Grant Program	84.063	N/A	203,063		198,987	
<i>Passed through the Great Lakes Higher Education:</i>						
Federal Family Education Loans	84.032	N/A	162,179		162,179	
Total Student Financial Assistance Cluster			<u>365,242</u>	<u>0</u>	<u>361,166</u>	<u>0</u>
Total United States Department of Education			1,126,027	0	956,175	0
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed through the Ohio Department of Education:</i>						
Higher Skills Partnership Incentive Grant - WIA Adult						
	17.258	WF-HS-2004			21,710	
<i>Passed through the United States Department of Health and Human Services:</i>						
School to Work						
	17.249	STW-UROG 00 STW-UROG 01 STW-UROG 02	1,200 14,152		15,439 13,884	
Total School to Work			<u>15,352</u>	<u>0</u>	<u>29,323</u>	<u>0</u>
Total United States Department of Labor			15,352	0	51,033	0
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Ohio Department of Education</i>						
Family Support Payments to States - Assistance Payments						
	93.560	JB-S1-01			3,186	
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program						
	93.778	N/A	5,294		5,294	
Total United States Department of Health and Human Services			<u>5,294</u>	<u>0</u>	<u>8,480</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 1,179,881</b>	<b>\$ 6,942</b>	<b>\$ 1,048,896</b>	<b>\$ 6,679</b>

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

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

**NOTE C – TRANSFERS AND REFUNDS**

During 2004, the Ohio Department of Education (ODE) authorized the School District to transfer unneeded funds to other grants as well as carryover monies from the prior fiscal year to the current fiscal year. Authorized transfers and carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the transfers/carryovers and refunds are as follows:

CFDA Number	Program Title	Pass- Through Entity Number	Transfers Out	Transfers In
84.002	Adult Education - State Grant Program	AB-S2-03	\$ 4,328	
84.002	Adult Education - State Grant Program	AB-S2-03C		\$ 4,328
			<u>\$ 4,328</u>	<u>\$ 4,328</u>



**Auditor of State  
Betty Montgomery**

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

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
PO Box 157  
Rio Grande, Ohio 45674

To the District Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2005, wherein we noted the District adopted Governmental Accounting Standards Board Statements 34, 37 and 38 and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 material to the financial statements we audited may occur and not be timely detected by employees when 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. In a separate letter to the District's management dated March 30, 2005, we reported other matters involving the internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated March 30, 2005, we reported matters related to noncompliance we deem immaterial.

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management, the District Board of Education and federal awarding agencies and pass through entities. It is not intended for 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

March 30, 2005



## Auditor of State Betty Montgomery

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

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
PO Box 157  
Rio Grande, Ohio 45674

To the Board of Education:

#### Compliance

We have audited the compliance of Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2004. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures 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 apply to its major federal programs for the year ended June 30, 2004. In a separate letter to the District's management dated March 30, 2005, we reported another matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report for the information and use of management, the District Board of Education and federal awarding agencies and pass-through entities. It is not intended for 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

March 30, 2005

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
JUNE 30, 2004**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Student Financial Assistance Cluster: CFDA #84.032 & #84.063
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None







**Auditor of State  
Betty Montgomery**

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 19, 2005**