



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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, each major fund, and the aggregate remaining fund information of the Lawrence County Joint Vocational School District, Lawrence County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Adult Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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.

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We conducted our audit to opine on the financial statements that collectively comprise the School 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 20, 2007

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

The discussion and analysis of the Lawrence County Joint Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2007 are as follows:

- Net assets of governmental activities increased \$632,807.
- General revenues accounted for \$4,911,152 or 43.5% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,378,648 or 56.5% of total revenues of \$11,289,800.
- The School District had \$10,656,993 in expenses related to governmental activities; \$6,378,648 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$4,911,152 were adequate to provide for the rest of these programs.
- The School District has three major funds; the General Fund, the Adult Education Special Revenue Fund, and the Permanent Improvement Capital Projects Fund. The General Fund had \$5,998,752 in revenues and \$5,828,916 in expenditures. The General Fund's balance increased \$17,490. The Adult Education Fund had \$2,681,949 in revenues and \$2,501,409 in expenditures. The Adult Education Fund's balance increased \$180,540. The Permanent Improvement Fund had \$786,326 in revenues and \$416,564 in expenditures. The Permanent Improvement Fund's balance increased \$369,762.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Adult Education Special Revenue Fund, and Permanent Improvements Capital Projects Fund.

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

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary fund. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$8,148,612	\$7,570,190	\$578,422
Capital Assets	2,678,219	2,718,118	(39,899)
Total Assets	10,826,831	10,288,308	538,523
Liabilities			
Long-term Liabilities	576,200	680,767	(104,567)
Other Liabilities	1,998,223	1,987,940	10,283
Total Liabilities	2,574,423	2,668,707	(94,284)
Net Assets			
Invested in Capital Assets, Net of Debt	2,500,343	2,436,682	63,661
Restricted	2,271,310	1,893,866	377,444
Unrestricted	3,480,755	3,289,053	191,702
Total Net Assets	\$8,252,408	\$7,619,601	\$632,807

Total assets increased \$538,523 due for the most part to an increase in revenue generated by the School Districts new vocational and adult programs. Total liabilities decreased primarily due to the repayment of long-term debt.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007, and comparisons to fiscal year 2006.

Table 2
Changes in Net Assets

	Governmental Activities		
	2007	2006	Change
Revenues			
Program Revenues			
Charges for Services	\$2,058,233	\$1,739,885	\$318,348
Operating Grants, Contributions and Interest	4,320,415	4,229,898	90,517
Total Program Revenues	<u>6,378,648</u>	<u>5,969,783</u>	<u>408,865</u>
General Revenues			
Property Taxes	1,696,051	1,728,060	(32,009)
Grants and Entitlements	2,751,180	2,778,848	(27,668)
Investment Earnings	330,512	51,815	278,697
Miscellaneous	133,409	405,044	(271,635)
Total General Revenues	<u>4,911,152</u>	<u>4,963,767</u>	<u>(52,615)</u>
Total Revenues	<u>11,289,800</u>	<u>10,933,550</u>	<u>356,250</u>
Program Expenses			
Instruction:			
Regular	99,825	122,840	(23,015)
Vocational	4,606,542	3,619,530	987,012
Adult/Continuing	1,643,649	1,858,030	(214,381)
Support Services:			
Pupils	172,086	87,026	85,060
Instructional Staff	159,104	140,968	18,136
Board of Education	30,118	55,166	(25,048)
Administration	1,417,410	1,545,433	(128,023)
Fiscal	445,343	440,688	4,655
Operation and Maintenance of Plant	716,727	784,436	(67,709)
Pupil Transportation	0	8,082	(8,082)
Central	368,448	193,735	174,713
Operation of Non-Instructional Services:			
Food Service Operations	249,497	254,207	(4,710)
Community Services	715,692	703,161	12,531
Extracurricular Activities	27,889	19,645	8,244
Interest and Fiscal Charges	4,663	28,317	(23,654)
Total Expenses	<u>10,656,993</u>	<u>9,861,264</u>	<u>795,729</u>
Increase in Net Assets	632,807	1,072,286	(439,479)
Net Assets Beginning of Year	7,619,601	6,547,315	1,072,286
Net Assets End of Year	<u>\$8,252,408</u>	<u>\$7,619,601</u>	<u>\$632,807</u>

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

Table 3
Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program Expenses				
Instruction:				
Regular	\$99,825	(\$3,779)	\$122,840	\$5,382
Vocational	4,606,542	2,366,444	3,619,530	1,582,951
Adult/Continuing	1,643,649	(891,559)	1,858,030	(299,055)
Support Services:				
Pupils	172,086	61,911	87,026	87,026
Instructional Staff	159,104	71,042	140,968	55,266
Board of Education	30,118	30,118	55,166	55,166
Administration	1,417,410	1,208,564	1,545,433	1,280,356
Fiscal	445,343	418,948	440,688	440,688
Operation and Maintenance of Plant	716,727	690,672	784,436	497,630
Pupil Transportation	0	0	8,082	8,082
Central	368,448	265,026	193,735	107,634
Operation of Non-Instructional Services:				
Food Service Operations	249,497	40,284	254,207	22,064
Community Services	715,692	1,517	703,161	329
Extracurricular Activities	27,889	14,494	19,645	19,645
Interest and Fiscal Charges	4,663	4,663	28,317	28,317
Total	\$10,656,993	\$4,278,345	\$9,861,264	\$3,891,481

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 51% of vocational instruction activities are supported through taxes and other general revenues. The increases in expenses are due to all employees receiving a 3 percent increase to their salaries for fiscal year 2007.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,325,908 and expenditures of \$10,767,607.

General Fund – The General Fund is the primary operating fund of the School District. At the end of 2007, unreserved fund balance was \$3,481,307, while total fund balance was \$3,911,402. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 60 percent of total General Fund expenditures, while total fund balance represents 67 percent of General Fund Expenditures. The fund balance of the School District's General Fund increased \$17,490 during the current fiscal year.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

Other Major Governmental Funds

Adult Education Fund – The fund balance of the Adult Education Fund at June 30, 2007, is (\$69,692), an increase of \$180,540 from the prior year. This increase is due to the District offering new programs, which are starting to recoup startup costs through student fees.

Permanent Improvement Fund – The fund balance of the Permanent Improvement Fund at June 30, 2007, is \$1,954,630, an increase of \$369,762. This increase is due mainly to revenues increasing at a higher rate than expenditures. This “saving for a rainy day” will enable the School District to better afford capital improvements in the future.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the School District amended its General Fund budget, but not significantly.

For the General Fund, budget basis revenue of \$6,010,512 equaled final estimates, which were above original estimates of \$5,823,122. Of this \$187,390 difference, most was due to underestimating intergovernmental revenues. General Fund budget basis expenditures of \$6,254,240 equaled final appropriations, which were above original estimates of \$5,566,026. Of this \$688,214, most was due to a new requirement that the District spend 75% of its trade and industry funding. Historically, the District spend a significantly smaller percentage, in order to save for “big ticket” items.

The School District’s ending unobligated General Fund balance was \$3,523,933.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$2,678,219 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared to 2006.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2007	2006
Land	\$109,260	\$109,260
Land Improvements	64,943	70,314
Buildings and Improvements	1,635,553	1,712,113
Furniture and Equipment	860,570	813,977
Vehicles	7,893	12,454
Totals	<u>\$2,678,219</u>	<u>\$2,718,118</u>

See Note 8 for more information on Capital Assets.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

Debt

At June 30, 2007, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Capital Leases Payable	\$3,182	\$39,302
Energy Conservation Notes	174,694	242,134
Total	<u>\$177,876</u>	<u>\$281,436</u>

See Notes 13 and 14 for more information on debt.

Economic Factors

As the preceding information shows, the School District depends on the State School Foundation Program. The Lawrence County Joint Vocational School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joyce Blazer, Treasurer at Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

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Lawrence County Joint Vocational School District, Ohio

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,345,214
Intergovernmental Receivable	213,435
Prepaid Items	19,877
Materials and Supplies Inventory	3,142
Property Taxes Receivable	1,566,944
Nondepreciable Capital Assets	109,260
Depreciable Capital Assets, Net	<u>2,568,959</u>
<i>Total Assets</i>	<u>10,826,831</u>
Liabilities	
Accounts Payable	184,365
Accrued Wages and Benefits Payable	254,383
Accrued Interest Payable	4,804
Vacation Benefits Payable	243,076
Deferred Revenue	1,266,583
Intergovernmental Payable	45,012
Long-Term Liabilities:	
Due within One Year	90,435
Due in More than One Year	<u>485,765</u>
<i>Total Liabilities</i>	<u>2,574,423</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,500,343
Restricted for:	
Capital Projects	1,980,693
Debt Service	848
Other Purposes	289,769
Unrestricted	<u>3,480,755</u>
<i>Total Net Assets</i>	<u><u>\$8,252,408</u></u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$99,825	\$0	\$103,604	\$3,779
Vocational	4,606,542	23,142	2,216,956	(2,366,444)
Adult/Continuing	1,643,649	1,917,548	617,660	891,559
Support Services:				
Pupils	172,086	0	110,175	(61,911)
Instructional Staff	159,104	0	88,062	(71,042)
Board of Education	30,118	0	0	(30,118)
Administration	1,417,410	0	208,846	(1,208,564)
Fiscal	445,343	0	26,395	(418,948)
Operation and Maintenance of Plant	716,727	0	26,055	(690,672)
Central	368,448	0	103,422	(265,026)
Operation of Non-Instructional Services:				
Food Service Operations	249,497	104,148	105,065	(40,284)
Community Services	715,692	0	714,175	(1,517)
Extracurricular Activities	27,889	13,395	0	(14,494)
Interest and Fiscal Charges	4,663	0	0	(4,663)
Totals	\$10,656,993	\$2,058,233	\$4,320,415	(4,278,345)
General Revenues				
Property Taxes Levied for:				
				1,287,960
				408,091
				2,751,180
				330,512
				133,409
				<u>4,911,152</u>
				632,807
				<u>7,619,601</u>
				<u><u>\$8,252,408</u></u>

See accompanying notes to the basic financial statements

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Lawrence County Joint Vocational School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2007*

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,002,462	\$81,692	\$1,941,076	\$319,984	\$6,345,214
Receivables:					
Property Taxes	1,354,625	0	212,319	0	1,566,944
Intergovernmental	0	189,829	0	23,606	213,435
Interfund	219,206	0	0	293	219,499
Prepaid Items	11,126	6,139	0	2,612	19,877
Materials and Supplies Inventory	0	0	0	3,142	3,142
<i>Total Assets</i>	<u>\$5,587,419</u>	<u>\$277,660</u>	<u>\$2,153,395</u>	<u>\$349,637</u>	<u>\$8,368,111</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$152,197	\$17,564	\$0	\$14,604	\$184,365
Accrued Wages and Benefits Payable	231,462	0	0	22,921	254,383
Interfund Payable	0	200,293	0	19,206	219,499
Deferred Revenue	1,267,569	121,982	198,765	17,206	1,605,522
Intergovernmental Payable	24,789	7,513	0	12,710	45,012
<i>Total Liabilities</i>	<u>1,676,017</u>	<u>347,352</u>	<u>198,765</u>	<u>86,647</u>	<u>2,308,781</u>
Fund Balances					
Reserved for Encumbrances	349,961	47,187	50,554	41,384	489,086
Reserved for Property Taxes	80,134	0	12,112	0	92,246
Unreserved, Undesignated, Reported in:					
General Fund	3,481,307	0	0	0	3,481,307
Special Revenue Funds (Deficit)	0	(116,879)	0	220,758	103,879
Debt Service Fund	0	0	0	848	848
Capital Projects Funds	0	0	1,891,964	0	1,891,964
<i>Total Fund Balances (Deficit)</i>	<u>3,911,402</u>	<u>(69,692)</u>	<u>1,954,630</u>	<u>262,990</u>	<u>6,059,330</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,587,419</u>	<u>\$277,660</u>	<u>\$2,153,395</u>	<u>\$349,637</u>	<u>\$8,368,111</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

Reconciliation of Total Governmental Fund Balances to

Net Assets of Governmental Activities

June 30, 2007

Total Governmental Fund Balances		\$6,059,330
 <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 therefore are not reported in the funds.		2,678,219
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	\$199,751	
Grants	<u>139,188</u>	338,939
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.		(243,076)
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(4,804)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(3,182)	
Energy Conservation Bonds Payable	(174,694)	
Sick Leave Benefits Payable	<u>(398,324)</u>	<u>(576,200)</u>
Net Assets of Governmental Activities		<u><u>\$8,252,408</u></u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,329,990	\$0	\$414,125	\$0	\$1,744,115
Intergovernmental	4,551,135	762,230	12,407	1,733,867	7,059,639
Investment Earnings	0	0	330,512	0	330,512
Tuition and Fees	23,142	1,577,617	0	0	1,600,759
Charges for Services	9,534	339,931	0	104,148	453,613
Extracurricular	0	0	0	3,861	3,861
Miscellaneous	84,951	2,171	29,282	17,005	133,409
<i>Total Revenues</i>	<u>5,998,752</u>	<u>2,681,949</u>	<u>786,326</u>	<u>1,858,881</u>	<u>11,325,908</u>
Expenditures					
Current:					
Instruction:					
Regular	0	0	0	99,495	99,495
Vocational	3,936,190	0	192,037	395,039	4,523,266
Adult/Continuing	0	1,405,227	103,970	178,251	1,687,448
Support Services:					
Pupils	54,388	0	0	116,950	171,338
Instructional Staff	60,342	12,693	0	87,561	160,596
Board of Education	26,247	0	0	0	26,247
Administration	701,387	643,939	35,920	59,837	1,441,083
Fiscal	356,104	83,668	6,013	328	446,113
Operation and Maintenance of Plant	602,996	49,078	78,624	10,576	741,274
Central	65,668	268,284	0	29,534	363,486
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	245,204	245,204
Community Services	0	0	0	715,692	715,692
Extracurricular Activities	25,594	0	0	2,295	27,889
Debt Service:					
Principal Retirement	0	36,120	0	67,440	103,560
Interest and Fiscal Charges	0	2,400	0	12,516	14,916
<i>Total Expenditures</i>	<u>5,828,916</u>	<u>2,501,409</u>	<u>416,564</u>	<u>2,020,718</u>	<u>10,767,607</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>169,836</u>	<u>180,540</u>	<u>369,762</u>	<u>(161,837)</u>	<u>558,301</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	152,346	152,346
Transfers Out	(152,346)	0	0	0	(152,346)
<i>Total Other Financing Sources (Uses)</i>	<u>(152,346)</u>	<u>0</u>	<u>0</u>	<u>152,346</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	17,490	180,540	369,762	(9,491)	558,301
<i>Fund Balances Beginning of Year</i>	<u>3,893,912</u>	<u>(250,232)</u>	<u>1,584,868</u>	<u>272,481</u>	<u>5,501,029</u>
<i>Fund Balances(Deficit) End of Year</i>	<u>\$3,911,402</u>	<u>(\$69,692)</u>	<u>\$1,954,630</u>	<u>\$262,990</u>	<u>\$6,059,330</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio
*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, 2007*

Net Change in Fund Balances - Total Governmental Funds \$558,301

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

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

Capital Asset Additions	\$205,594	
Depreciation Expense	(245,493)	(39,899)

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

Grants	11,956	
Delinquent Taxes	(48,064)	(36,108)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital Improvement Note	67,440	
Capital Lease	36,120	103,560

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 10,253

Some expenses 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:

Vacation Benefits Payable	35,693	
Sick Leave Benefits Payable	1,007	36,700

Change in Net Assets of Governmental Activities \$632,807

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,308,000	\$1,341,750	\$1,341,750	\$0
Intergovernmental	4,435,722	4,551,135	4,551,135	0
Tuition and Fees	25,000	23,142	23,142	0
Charges for Services	4,400	9,534	9,534	0
Miscellaneous	50,000	84,951	84,951	0
<i>Total Revenues</i>	<u>5,823,122</u>	<u>6,010,512</u>	<u>6,010,512</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	0	900	900	0
Vocational	3,685,967	4,223,046	4,223,046	0
Support Services:				
Pupils	87,560	55,230	55,230	0
Instructional Staff	28,390	76,261	76,261	0
Board of Education	39,343	35,785	35,785	0
Administration	678,820	706,765	706,765	0
Fiscal	340,102	362,003	362,003	0
Operation and Maintenance of Plant	651,144	680,650	680,650	0
Central	39,100	87,555	87,555	0
Extracurricular Activities	15,600	26,045	26,045	0
<i>Total Expenditures</i>	<u>5,566,026</u>	<u>6,254,240</u>	<u>6,254,240</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>257,096</u>	<u>(243,728)</u>	<u>(243,728)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	179,955	0	0	0
Advances In	304,900	301,900	301,900	0
Transfers Out	(131,456)	(152,346)	(152,346)	0
Advances Out	(225,000)	(219,206)	(219,206)	0
<i>Total Other Financing Sources (Uses)</i>	<u>128,399</u>	<u>(69,652)</u>	<u>(69,652)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>385,495</u>	<u>(313,380)</u>	<u>(313,380)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>3,690,821</u>	<u>3,690,829</u>	<u>3,690,829</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>146,484</u>	<u>146,484</u>	<u>146,484</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,222,800</u>	<u>\$3,523,933</u>	<u>\$3,523,933</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

Adult Education Fund

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$754,090	\$762,230	\$762,230	\$0
Tuition and Fees	1,361,452	1,577,617	1,577,617	0
Charges for Services	303,595	296,919	296,919	0
Miscellaneous	0	2,171	2,171	0
<i>Total Revenues</i>	<u>2,419,137</u>	<u>2,638,937</u>	<u>2,638,937</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Adult/Continuing	1,079,400	1,469,407	1,469,407	0
Support Services:				
Instructional Staff	40,000	12,943	12,943	0
Administration	581,783	647,425	647,425	0
Fiscal	84,062	83,634	83,634	0
Operation and Maintenance of Plant	69,209	49,744	49,744	0
Central	276,590	294,147	294,147	0
<i>Total Expenditures</i>	<u>2,131,044</u>	<u>2,557,300</u>	<u>2,557,300</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>288,093</u>	<u>81,637</u>	<u>81,637</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	225,000	200,000	200,000	0
Advances Out	(287,500)	(287,500)	(287,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(62,500)</u>	<u>(87,500)</u>	<u>(87,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	225,593	(5,863)	(5,863)	0
<i>Fund Balance Beginning of Year</i>	3,532	3,532	3,532	0
Prior Year Encumbrances Appropriated	20,785	20,785	20,785	0
<i>Fund Balance End of Year</i>	<u>\$249,910</u>	<u>\$18,454</u>	<u>\$18,454</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,250</u>
Liabilities	
Undistributed Monies	\$1,751
Due to Students	<u>17,499</u>
Total Liabilities	<u>\$19,250</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 1 - Description of the School District and Reporting Entity

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

The School District is staffed by 41 classified employees, 101 certificated full-time teaching personnel, and 10 administrative employees who provide services to 526 students and other community members. The School District currently operates one instructional building.

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

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

The School District participates in six organizations, three of which are defined as jointly governed organizations and three as insurance purchasing pools. The jointly governed organizations are the South Central Ohio Computer Association, the Coalition of Rural and Appalachian Schools, and Pilasco-Ross Special Education Regional Resource Center. The insurance purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Lawrence County Schools Insurance Purchasing Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for the fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

B. Fund Accounting

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

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

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

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Adult Education Fund The Adult Education Special Revenue Fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries, and textbooks.

Permanent Improvement Fund The Permanent Improvement Capital Projects Fund is used to account for all transactions related to the acquiring, constructing, or improving such permanent improvements as are authorized by Chapter 5705, Revised Code.

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

Fiduciary Fund Types Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds, which accounts for student activities and student loans.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund 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.

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Measurable means the amount of the transaction can be determined. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and 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 6). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 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 governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2007, investments were limited to a nonnegotiable time deposit, which is reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. The School District Board of Education has approved interest earned on interim funds to be transferred to the Permanent Improvement Fund. Interest revenue credited to the Permanent Improvement Fund during fiscal year 2007 amounted to \$330,512, including \$235,718 allocated from other funds.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, 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 fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food.

H. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, land improvements that produce permanent benefits, 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:

Description	Governmental Activities Estimated Lives
Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5 - 20 years
Vehicles	8 years

Lawrence County Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, as the balances are usually used by employees within the calendar year earned. At the employee's request, any carry-over may be paid to the employees each year, or carried over and paid upon termination, up to an amount equal to the last three year's accrual..

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

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

K. Interfund Activity

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

L. Fund Balance Reserves

The School 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 equity reserves have been established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. The government-wide statement of net assets reports \$2,271,310 of restricted net assets. Of the restricted net assets, none have resulted from enabling legislation.

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

O. Estimates

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

P. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a 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 School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

Lawrence County Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Note 3 – Accountability

The Adult Education Special Revenue Fund had a deficit fund balance at June 30, 2007, of \$69,692. The General Fund is liable for this deficit and provides operating transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the School 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) presented for the General Fund and Adult Education Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education Special Revenue Fund.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balance

	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$17,490	\$180,540
Revenue Accruals	11,760	(43,012)
Prepaid Items Beginning of Year	1,386	6,533
Prepaid Items End of Year	(11,126)	(6,139)
Expenditure Accruals	62,945	6,953
Advances In	301,900	200,000
Advances Out	(219,206)	(287,500)
Encumbrances	(478,529)	(63,238)
Budget Basis	<u>(\$313,380)</u>	<u>(\$5,863)</u>

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio).
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$6,465,679 of the School District's bank balance of \$6,565,679 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006, and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Tangible personal property tax revenue received during calendar 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value listed as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence and Gallia Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2007, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$80,134 in the General Fund and \$12,112 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2006, was \$98,816 in the General Fund and \$14,588 in the Permanent Improvements Capital Projects Fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$532,796,370	74%	\$541,179,710	75%
Public Utility Personal	94,740,650	13%	89,602,840	13%
Tangible Personal Property	89,450,150	13%	83,193,670	12%
Total	\$716,987,170	100%	\$713,976,220	100%
Tax rate per \$1,000 of assessed valuation		\$2.90		\$2.90

Note 7 - Receivables

Receivables at June 30, 2007, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year.

Lawrence County Joint Vocational School District, Ohio

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A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
Adult Education	\$189,829
Adult Basic Literacy	6,400
Aquaculture Production Grant	17,206
Total Intergovernmental Receivables	\$213,435

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$109,260	\$0	\$0	\$109,260
Depreciable Capital Assets:				
Land Improvements	655,896	0	0	655,896
Buildings and Improvements	6,186,123	32,130	0	6,218,253
Furniture and Equipment	1,718,435	173,464	0	1,891,899
Vehicles	370,753	0	(184,649)	186,104
Total Capital Assets being Depreciated	8,931,207	205,594	(184,649)	8,952,152
Less Accumulated Depreciation				
Land Improvements	(585,582)	(5,371)	0	(590,953)
Buildings and Improvements	(4,474,010)	(108,690)	0	(4,582,700)
Furniture and Equipment	(904,458)	(126,871)	0	(1,031,329)
Vehicles	(358,299)	(4,561)	184,649	(178,211)
Total Accumulated Depreciation	(6,322,349)	(245,493) *	184,649	(6,383,193)
Total Capital Assets being Depreciated, Net	2,608,858	(39,899)	0	2,568,959
Capital Assets, Net	\$2,718,118	(\$39,899)	\$0	\$2,678,219

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$214,970
Adult Education	10,636
Support Services:	
Board of Education	3,871
Administration	8,067
Operation and Maintenance of Plant	3,228
Central	2,472
Operation of Non-Instructional Services:	
Food Service Operations	2,249
Total Depreciation Expense	\$245,493

Lawrence County Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Indiana Insurance and participated in the Ohio School Plan (OSP) for insurance coverage. The School District contracted with Indiana Insurance for automobile and property coverage and commercial umbrella liability coverage for the period July 1, 2006 through June 30, 2007.

The School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 17).

The School District participated in the Ohio School Plan (OSP) for property and automobile coverage, and professional and general liability insurance for the period July 1, 2006 through June 30, 2007.

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Medical Expense Limit - Any One Person/Any One Accident	10,000
Fire Damage Limit - Any One Event	500,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000
Employee's Benefits Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Building and Business Personal Property Coverage (\$1,000 deductible)	19,231,711
Equipment Breakdown (Boiler/Machinery) Coverage (\$1,000 deductible)	19,231,711
Automobile Liability (\$1,000 deductible for buses; \$500 for other)	4,000,000

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

B. Worker's Compensation

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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

Note 10 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

Non-teaching employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Administrative personnel earn twenty days of vacation per fiscal year. Maximum days accrued shall not exceed 60 days. Accumulated, unused vacation time is paid to non-teaching employees and administrative personnel upon termination of employment not to exceed the amount accrued within three years before the date of separation. Teaching employees, part-time employees and employees employed for less than 12 months do not earn vacation time.

Teaching employees, administrative personnel and non-teaching employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulates to a maximum of 250 days for administrative personnel and non-teaching employees and accumulates to a maximum of 295 days for teaching employees. Teaching employees upon retirement who have taught 10 or more years in the School District are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Administrative personnel and non-teaching employees are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Teaching employees, administrative personnel and non-teaching employees who have been employed in the School District for 10 years or more, upon retirement, and have accrued unused sick leave credit of 200 days or more shall be paid an attendance bonus of an additional 10 days above the maximum of 50 days and shall receive an extra bonus of one additional day for each year of service after the tenth year of service.

B. Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all classified and administrative employees through Connecticut General Life Insurance Company in the amount of \$35,000.

Health insurance is provided by CIGNA. Premiums for this coverage are \$1,531 for family coverage and \$620 for single coverage per month. The School District pays 75% of the family coverage premium and 95% of the single coverage premium for administrators, adult education teachers, and non-certified staff. The School District pays 64% of the family coverage premium and 100% of the single coverage premium for vocational teachers.

Lawrence County Joint Vocational School District, Ohio

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Vision and dental insurance are provided by Medical Benefits Mutual. Premiums for this coverage are \$33.99 single and \$104.49 family coverage per month. The School District pays 100% of the premium for single plans and 33% of the premium for family plans.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$84,642, \$78,696, and \$66,778; 100 percent has been contributed for fiscal years 2007, 2006, and 2005.

B. State Teachers Retirement System

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

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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Lawrence County Joint Vocational School District, Ohio

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$563,483, \$581,114, and \$537,718; 100 percent has been contributed for fiscal years 2007, 2006, and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$24,614 made by the School District and \$29,488 made by plan members.

Note 12 - Postemployment Benefits

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

All STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$43,345 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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.

Lawrence County Joint Vocational School District, Ohio

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For the Fiscal Year Ended June 30, 2007*

For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the School District paid \$43,789 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants currently receiving health care benefits.

Note 13 – Long-Term Obligations

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

	Principal Outstanding 6/30/2006	Additions	Reductions	Principal Outstanding 6/30/2007	Amounts Due in One Year
Governmental Activities					
Capital Lease	\$39,302	\$0	\$36,120	\$3,182	\$3,182
Capital Improvement Note, 2000-5.50%	242,134	0	67,440	174,694	70,488
Sick Leave Benefits	399,331	46,571	47,578	398,324	16,765
Total Governmental Activities					
Long-Term Liabilities	<u>\$680,767</u>	<u>\$46,571</u>	<u>\$151,138</u>	<u>\$576,200</u>	<u>\$90,435</u>

Sick leave benefits will be paid from the funds from which the employees' salaries are paid, which are the General Fund and the Food Service and Adult Education Special Revenue Funds. The capital lease will be paid from the Adult Education Special Revenue Fund.

The capital improvement note was originally issued in the amount of \$472,471 and proceeds were used for improvements to the School District's heating and cooling systems. The note will be paid from the Debt Service Fund and is backed by the full faith and credit of the School District. Principal and interest requirements to retire the note outstanding at June 30, 2007, are as follows:

Fiscal Year	Principal	Interest	Total
<u>Ending June 30,</u> 2008	<u>\$70,488</u>	<u>\$9,468</u>	<u>\$79,956</u>
2009	74,417	5,538	79,955
2010	29,789	2,063	31,852
	<u>\$174,694</u>	<u>\$17,069</u>	<u>\$191,763</u>

The overall debt margin of the School District as of June 30, 2007, was \$64,999,949, with an unvoted debt margin of \$482,769.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 14 - Capitalized Leases - Lessee Disclosure

In the current and prior years, the School District entered into capitalized leases for radiographic equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures on the statement of revenues, expenses and changes in fund balances for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized in the amount of \$110,522, which is equal to the present value of the future minimum lease payments at the time of acquisition. The carrying value of these assets at June 30, 2007, is \$49,000.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2007.

Fiscal Year Ending June 30,	Amount
2008	\$3,210
Less: amount representing interest	(28)
Present value of minimum lease payments	<u>\$3,182</u>

Note 15 – Interfund Balances and Transfers

Interfund receivables and payables at June 30, 2007, consist of the following individual balances, representing monies advanced to funds to be repaid when grant funds or other program revenues are received, and for services rendered by one fund for another:

	Interfund Receivable	Interfund Payable
General Fund	<u>\$219,206</u>	<u>\$0</u>
Special Revenue Funds:		
Adult Education	0	200,293
Miscellaneous Federal Grants	293	19,206
Total Special Revenue Funds	<u>293</u>	<u>219,499</u>
Total All Funds	<u>\$219,499</u>	<u>\$219,499</u>

During fiscal year 2007, the General Fund made transfers to the Bond Retirement Fund in the amount of \$79,956 for the retirement of debt. The General Fund also transferred \$72,390 to other non-major governmental funds to subsidize various programs in other funds.

Note 16 - Jointly Governed Organizations

The **South Central Ohio Computer Association (SCOCA)** is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

Lawrence County Joint Vocational School District, Ohio

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The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. Revenues are generated from an annual fee of \$2.00 per student to participating districts, State funding, and charges for additional services to participating districts. Lawrence County Joint Vocational School District paid \$52,220 for services provided during fiscal year 2007. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2007.

The **Pilasco-Ross Special Education Regional Resource Center (SERRC)** is a special education service center which represents Lawrence, Pike, Ross, and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct Federal and State grants for its operations. 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 non-public schools, representatives of county boards of MRDD, Shawnee State 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. The School District's Superintendent is currently on the SERRC Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting the fiscal agent, Jim Tordiff, Treasurer, at Dawson-Bryant Local School District, 222 Lane Street, Coal Grove, Ohio 45638.

Note 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc., and a partner of the Hylant Group, Inc. Hylant Group, Inc., is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc., is the sales and marketing representative, which establishes agreements between OSP and member schools.

Lawrence County Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

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

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

Note 18 - Set asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for 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. In prior fiscal years, the School District was also required to set aside money for budget stabilization.

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of as of June 30, 2006	\$0	\$0
Current Year Set-Aside Requirement	85,361	85,361
Prior Year's Carry Over	(621,190)	0
Current Year Offsets	0	(415,169)
Qualifying Disbursements	(311,596)	(70,122)
Totals	(\$847,425)	(\$399,930)
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$847,425)	\$0
Set-Aside Reserve Balance as of June 30, 2007	\$0	\$0

The School District had qualifying expenditures and offsets during the fiscal year that reduced the textbook and capital improvement set-aside amounts below zero. The extra amounts in the textbooks set-aside may be used to reduce the set-aside requirements of future years.

Lawrence County Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

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

Note 20 - Federal Family Education Loans

Federal Family Education Loans (Federal CFDA Number 84.032) processed for students by the School District during the fiscal year ended June 30, 2007, are summarized as follows:

Federal Stafford Loans	\$499,355
Federal Unsubsidized Stafford Loans	578,708
Federal Parental Loans for Undergraduate Students (PLUS)	<u>12,677</u>
Total	<u><u>\$1,090,740</u></u>

The School District serves only as a cash conduit with respect to the Federal Family Education Loan programs and, accordingly, these loans are not included in the School District's financial statements.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$0	\$7,062	\$0	\$7,062
Nutrition Cluster:						
School Breakfast Program	05PU-2006	10.553	6,664		6,664	
	05PU-2007		18,327		18,327	
Total School Breakfast Program			24,991	0	24,991	0
National School Lunch Program	LLP4-2006	10.555	21,659		21,659	
	LLP4-2007		50,635		50,635	
Total National School Lunch Program			72,294	0	72,294	0
Total Nutrition Cluster			97,285	0	97,285	0
Total United States Department of Agriculture			97,285	7,062	97,285	7,062
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	ABS1-2006	84.002	(20,153)		2,908	
	ABS1-2007		146,156		117,729	
Total Adult Education - State Grant Program			126,003	0	120,637	0
Vocational Education - Basic Grants to States:						
High School Critical Transitions	20A0-2005	84.048	10,000		15,800	
Project Lead the Way Program	20A0-2005		(4,460)			
2004 Adult Program	20C2-2004		(3,928)			
2005 Adult Program	20C2-2005		(32,172)			
2006 Adult Program	20C2-2006				13,422	
2007 Adult Program	20C2-2007		104,062		104,062	
Secondary Education Program	20C1-2007		263,213		246,219	
Total Vocational Education - Basic Grants to States			336,715	0	379,503	0
Safe and Drug-Free Schools and Communities - State Grants	DRS1-2007	84.186	1,597		1,597	
State Grants for Innovative Programs	C2S1-2007	84.298	1,195		1,195	
Improving Teacher Quality State Grants	TRS1-2007	84.367	3,425		3,425	
<i>Direct from Federal Government:</i>						
Federal Pell Grant Program	P063P053928	84.063	(1,580)			
Federal Pell Grant Program	P063P063928		708,904		708,904	
Federal Pell Grant Program - Administration	N/A		1,310		1,310	
Total Federal Pell Grant Program			708,634	0	710,214	0
Rural Education	S358A060807	84.358	53,506		38,801	
Total United States Department of Education			1,231,075	0	1,255,372	0
APPALACHIAN REGIONAL COMMISSION						
<i>Passed Through Ohio Department of Development</i>						
Appalachian Regional Development	OH-15515-302-2006	23.001	28,594		30,579	
Total Appalachian Regional Commission			28,594	0	30,579	0
Total Federal Awards Receipts and Expenditures			\$1,356,954	\$7,062	\$1,383,236	\$7,062

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

NOTE E - FEDERAL FAMILY EDUCATION LOANS

Federal Family Education Loans (Federal CFDA Number 84.032) processed for students by the School District during the year ended June 30, 2007 are summarized as follows:

Federal Stafford Loans	\$499,355
Federal Unsubsidized Stafford Loans	578,708
Federal Parental Loans for Undergraduate Students (PLUS)	12,677
Total:	<u><u>\$1,090,740</u></u>

NOTE F - TRANSFER BETWEEN GRANT YEARS

During fiscal year 2007, there was a transfer between grant years to account for carryover of grant monies. This transfer was reflected as a negative receipt under the old grant year and positive receipt under the new grant year on the Schedule. Transfer was made between the 2006 and 2007 grant years as follows:

Program:	Amount:	From Grant Year:	To Grant Year:
CFDA 84.002	\$20,153	2006	2007

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE G - REFUNDS OF GRANT MONEY

During fiscal year 2007, there were refunds of money to the Ohio Department of Education due to the 2005 audit regarding lack of supporting documentation and unallowable expenditures. These refunds are not reflected as expenditures on the Schedule. The refunds are shown as negative receipts. Refunds were made as follows:

From:	Amount:	Pass-through Number:
CFDA 84.048	\$ 4,460	20A0-2005
CFDA 84.048	\$ 3,928	20C2-2004
CFDA 84.048	\$32,172	20C2-2005

During fiscal year 2007, there was a refund of money to the U.S. Department of Education. This refund is not reflected as expenditure on the Schedule. The refund was deducted from receipts. The refund was made as follows:

From:	Amount:	Pass-through Number:
CFDA 84.063	\$ 1,042	P063P063928

During fiscal year 2006, there was a refund of money to the U.S. Department of Education. This refund is not reflected as expenditure on the Schedule in fiscal year 2006 nor was it deducted from the Federal receipts because the refund was made from the Adult Education Fund. During fiscal year 2007, the Pell Grant Fund reimbursed the Adult Education Fund since the refund made during fiscal year 2006 should have been made from the Pell Grant Fund. The refund was deducted from receipts. The refund was made as follows:

From:	Amount:	Pass-through Number:
CFDA 84.063	\$ 1,580	P063P053928

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 20, 2007. 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 School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the School District's management in a separate letter dated December 20, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the School District's 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated December 20, 2007.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 20, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Lawrence County Joint Vocational School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School 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 School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2007-002.

Internal Control Over Compliance

The School 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 School 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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated December 20, 2007.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 20, 2007

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Vocational Education Basic Grants to States CFDA # 84.048 Federal Pell Grant Program CFDA # 84.063
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007
(Continued)**

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

FINDING NUMBER 2007-001

Significant Deficiency

Sound financial reporting is the responsibility of the Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following error was noted in the basic financial statements:

- The School District received \$67,847 in July 2007 for services performed for Workforce Development during fiscal year 2007. As a result, the financial statements should have reflected an Intergovernmental Receivable and Charges for Services receipt to properly report this activity. The accompanying financial statements have been adjusted to reflect this error.

To ensure the School District's basic financial statements are complete and accurate, we recommend the District adopt policies and procedures, including a final review of the basic financial statements, by the Treasurer and Board of Education, to identify and correct errors or omissions.

Officials' Response:

The School District did not respond to this finding.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-002
CFDA Title and Number	Vocational Education – Basic Grants to States CFDA # 84.048
Federal Award Number / Year	20C1-2007 and 20C2-2007
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation - Reporting

Ohio Department of Education's Career Technical and Adult Education (CTAE) Application Assurances, item 6, provides that the subgrantee will make reports to the Ohio Department of Education (ODE) as may be reasonably necessary to enable ODE to perform their duties. The reports shall be completed and submitted in accordance with the standards and procedures designated by ODE and shall be supported by appropriate documentation.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation - Reporting (Continued)

Ohio Department of Education's Career Technical and Adult Education (CTAE) Application Assurances, item 6 (Continued)

Ohio Department of Education's Career Technical and Adult Education Application Assurances, item 33, provides that when funded on an advance basis by ODE, the subgrantee agrees to minimize the time between the transfer of funds and the disbursement by the local entity in accordance with the Cash Management Improvement Act (31 C.F.R. part 205). Additionally, the subgrantee agrees to maintain cash balances which meet their immediate cash needs only. Any interest earnings by the subgrantee will require repayment in accordance with OMB Circular A-102 §.21 or OMB Circular A-110 §.22 (I), as applicable.

Interest earned on advances by local government grantee and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.

One of the forms required by ODE is the Project Cash Request (PCR) Form.

Submission of the Project Cash Request forms includes certification by the School District that the request is in compliance with the Cash Management Improvement Act and 34 C.F.R. 80.20 and 80.21 and will be disbursed in the month for which funds were requested.

The first payment is initiated by ODE upon the approval of the application. Subsequent payments must be requested by the School District as needed using the online Project Cash Request. Cash requests are limited to one month (up to 10% of the approved budget amount) plus any negative balances (amount by which program expenditures exceed project cash received to date). Districts may request more than one negative balance only PCR in a give month. ODE requires written explanation for monthly cash advance requests which exceed the 10% limit. Additionally, written explanations are required for cash advance requests when the balance on hand exceeds 10% of the approved budget amount.

Funds are to be expended within the period of time for which they are requested (e.g., funds requested for January should be expended during January).

We noted the following while testing PCR forms:

Fiscal Year 2007 Adult Education Perkins Grant

While testing the PCR forms for the FY 2007 Adult Education Perkins Grant, we found that amounts reported as expended by the School District did not agree to amounts actually expended as of the date of the request.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation - Reporting (Continued)

Ohio Department of Education's Career Technical and Adult Education (CTAE) Application Assurances, item 6 (Continued)

We noted instances in which the amount expended per the PCR forms exceeded the amounts actually expended as of the date of the requests as follows:

Fiscal Year Information Date per PCR Form	Amount Exceeded
November 14, 2006	\$2,222
December 7, 2006	2,078
February 15, 2007	1,165
March 16, 2007	4,670
April 16, 2007	3,777

Fiscal Year 2007 Secondary Education Perkins Grant

While testing the PCR forms for the FY 2007 Secondary Education Perkins Grant, we found that amounts reported as expended by the School District did not agree to amounts actually expended as of the date of the request.

We noted instances in which the amount expended per the PCR forms exceeded the amounts actually expended as of the date of the requests as follows:

Fiscal Year Information Date per PCR Form	Amount Exceeded
October 16, 2006	\$4,732
November 14, 2006	9,791
December 7, 2006	11,897
January 12, 2007	7,717
February 15, 2007	12,234
March 16, 2007	17,837
April 16, 2007	49,563
May 3, 2007	64,278

This resulted in the School District having more funds on hand than necessary to meet immediate cash needs and could result in interest being earned on funds which is required to be remitted to ODE. In addition, this resulted in inaccurate amounts being reported to ODE for expenditure of grant funds.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation - Reporting (Continued)

Ohio Department of Education's Career Technical and Adult Education (CTAE) Application Assurances, item 6 (Continued)

We recommend the School District develop a policy for requesting grant funds from the Ohio Department of Education via the CTAE Project Cash Request system that conforms to the Cash Management Improvement Act and implement procedures to minimize the time elapsing between the receipt of funds and their disbursement. We further recommend amounts reported to the Ohio Department of Education via the Project Cash Request forms be based on actual activity and not on budgeted or estimated amounts. When Project Cash Request forms are prepared, a copy of the Project Cash Request should be maintained and a copy of the report supporting expenditure amounts reported should be attached to the Project Cash Request form to support amounts reported as expenditures. In addition, balances on hand should be monitored to ensure interest is not earned on federal funds and, if earned, should be remitted to the Ohio Department of Education.

Officials' Response:

The School District did not respond to this finding.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Questioned Cost – Period of Availability of Federal Funds recommending all federal funds be expended during the period of availability or obligated during the period of availability.	Yes	
2006-002	Questioned Cost – Allowable Costs/Cost Principles recommending the School District ensure that all expenditures made from federal funds are for an allowable purpose in accordance with grant guidelines and the School District monitor budget versus actual grant expenditures by object code to ensure amounts are within budgeted amounts.	No	Similar comment issued in the management letter for ensuring that expenditures are within budgeted amounts.
2006-003	Noncompliance Citation – Reporting recommending that amounts reported to the Ohio Department of Education via the Project Cash Request forms be based on actual activity and not on budgeted or estimated amounts.	No	Partially Corrected: Repeated in the current audit Schedule of Findings as item 2007-002.
2006-004	Noncompliance Citation – Level of Effort recommending the School District review the Supplement not Supplant requirements for federal funds and implement procedures to ensure funds are used only to supplement non-Federal funds expended to carry out vocational and technical education activities and tech-prep activities.	Yes	
2006-005	Material Weakness – Recommending expenditures be posted directly to the Perkins Grant Fund.	No	Partially Corrected. Similar comment issued in the management letter.
2006-006	Reportable Condition – Use of Care when making posting corrections and post them to the appropriate line codes for the proper amounts which should be charged to the grant.	Yes	



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2008**