



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

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



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

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District, Medina County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

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 11, 2009

## **Medina County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)*

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The discussion and analysis of the Medina 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, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### ***Financial Highlights***

Key Financial Highlights for 2009 are as follows:

- ❑ General Revenues in governmental activities accounted for \$16.3 million in revenue or 95.3% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$.8 million or 4.7% of total revenues. The business-type activities had program specific revenues totaling \$1.7 million.
- ❑ Total program expenses were \$15.8 million in governmental activities and \$1.7 million was in business-type activities.
- ❑ In total, net assets increased \$1.2 million. Net assets of governmental activities increased \$1.2 million, which represents a 10.7% increase from 2008. Net assets of business-type activities increased less than \$.02 million, or 10.9% from 2008.
- ❑ Capital Assets additions were \$.2 million in fiscal year 2009 which include renovations to the media lab and additional equipment.

### ***Using this Annual Report***

This annual report consists of the Management's Discussion and Analysis (MD&A), the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

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 highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Medina County Joint Vocational School District, the general fund is by far the most significant fund.

**Medina County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)*

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***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all (non-fiduciary) 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 net assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

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

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

The government wide financial statements begin on page 11.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

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



**Medina County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)*

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

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

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

The governmental fund financial statements begin on page 14.

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

The proprietary fund financial statements begin on page 19.

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

The fiduciary fund financial statement is on page 22.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23.

**Medina County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(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 2009 compared to 2008:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and Other Assets	\$ 14,342,794	\$ 13,555,385	\$ 267,454	\$ 206,718	\$ 14,610,248	\$ 13,762,103
Capital Assets	7,880,573	7,917,233	122,311	129,519	8,002,884	8,046,752
Total Assets	22,223,367	21,472,618	389,765	336,237	22,613,132	21,808,855
<b>Liabilities</b>						
Long-Term Liabilities	1,388,417	1,287,512	49,035	42,316	1,437,452	1,329,828
Other Liabilities	8,370,486	8,920,995	103,351	79,913	8,473,837	9,000,908
Total Liabilities	9,758,903	10,208,507	152,386	122,229	9,911,289	10,330,736
<b>Net Assets</b>						
Invested in Capital Assets	7,880,573	7,917,233	122,311	129,519	8,002,884	8,046,752
Restricted	373,073	444,705	0	0	373,073	444,705
Unrestricted	4,210,818	2,902,173	115,068	84,489	4,325,886	2,986,662
Total Net Assets	\$ 12,464,464	\$ 11,264,111	\$ 237,379	\$ 214,008	\$ 12,701,843	\$ 11,478,119

Total assets increased by \$.8 million with governmental assets accounting for the increase. Due to the timing of receipts and related expenses, the cash at the end of the fiscal year increased \$1.0 million over fiscal year 2008. Total liabilities decreased by \$.4 million from fiscal year 2008 mostly from a decrease in deferred tax revenue.

The net assets of the School District business-type activities increased \$.02 million. The net assets of the School District governmental activities increased 10.7% or \$1.2 million.

**Medina County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(Unaudited)*

Table 2 shows the changes in net assets for fiscal year 2009 and 2008 and will help further explain the change from the prior year.

**(Table 2)**  
**Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$ 162,990	\$ 245,893	\$ 1,405,359	\$ 1,408,562	\$ 1,568,349	\$ 1,654,455
Operating Grants and Contributions	633,095	671,981	258,755	284,786	891,850	956,767
<i>General Revenue:</i>						
Property Taxes	7,951,448	6,751,242	0	0	7,951,448	6,751,242
Grants and Entitlements not Restricted to Specific Programs	7,917,494	7,552,898	0	0	7,917,494	7,552,898
Capital Grants Not Restricted to Specific Programs	262,577	370,000	0	0	262,577	370,000
Other	133,890	245,161	19,530	90	153,420	245,251
<b>Total Revenues</b>	<b>17,061,494</b>	<b>15,837,175</b>	<b>1,683,644</b>	<b>1,693,438</b>	<b>18,745,138</b>	<b>17,530,613</b>
<b>Program Expenses</b>						
Instruction	8,241,408	8,480,574	0	0	8,241,408	8,480,574
Support Services	7,458,953	6,920,200	0	0	7,458,953	6,920,200
Operation of Non-Instructional Services	116,775	42,540	0	0	116,775	42,540
Extracurricular Activities	24,005	20,315	0	0	24,005	20,315
Adult Education	0	0	1,192,365	1,209,901	1,192,365	1,209,901
Uniform School Supplies	0	0	245,782	233,998	245,782	233,998
Vocational Education	0	0	242,126	258,200	242,126	258,200
<b>Total Expenses</b>	<b>15,841,141</b>	<b>15,463,629</b>	<b>1,680,273</b>	<b>1,702,099</b>	<b>17,521,414</b>	<b>17,165,728</b>
Increase (Decrease) in Net Assets Before Transfers	1,220,353	373,546	3,371	(8,661)	1,223,724	364,885
Net Transfers	(20,000)	(7,211)	20,000	7,211	0	0
Increase (Decrease) in Net Assets	<u>\$ 1,200,353</u>	<u>\$ 366,335</u>	<u>\$ 23,371</u>	<u>\$ (1,450)</u>	<u>\$ 1,223,724</u>	<u>\$ 364,885</u>

General revenues in the governmental activities increased \$1.3 million over fiscal year 2008 mainly in property taxes and unrestricted entitlements. Most of this increase is in property tax revenue which is attributable to the fluctuation in the taxes available at year end from the County from year to year. Property tax receivable amounts available at year end are recognized as revenue. The increase in the business-type activities was insignificant.

**Medina County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)*

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$17.1 million and expenses of \$15.8 million.

**(Table 3)  
Governmental Activities**

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 8,241,408	\$ 7,893,852	\$ 8,480,574	\$ 8,052,989
Support Services:				
Pupil and Instructional Staff	2,505,155	2,086,581	2,172,116	1,719,748
Board of Education, Administration, Fiscal and Business	2,397,602	2,381,283	2,642,220	2,623,962
Operation and Maintenance of Plant	2,232,142	2,232,142	1,797,403	1,796,375
Pupil Transportation and Central	324,054	321,054	308,461	305,461
Operation of Non-Instructional	116,775	115,356	42,540	38,234
Extracurricular Activities	24,005	14,788	20,315	8,986
Total	<u>\$ 15,841,141</u>	<u>\$ 15,045,056</u>	<u>\$ 15,463,629</u>	<u>\$ 14,545,755</u>

Instruction and Student Support Services comprise 67.8% of governmental program expenses. Administration, Board of Education, Fiscal and Business expenses account for 15.1% and Operation and maintenance of plant accounts for 14.1% of governmental program expenses.

**Financial Analysis of the School District's Funds**

***Governmental Funds***

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 14) reported a total fund balance of \$5.6 million, which is \$1.4 million over last year's balance of \$4.2 million. The most significant changes within the School District's only major fund was reported in the general fund with an increase in fund balance of \$1.4 million. This increase is mainly attributable to property tax revenue due to the advance available at fiscal year end 2009 being much larger than in fiscal year 2008.

**Medina County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(Unaudited)*

**Business-Type Activities**

Business-type activities include our adult education programs, vocational, and the sale of uniform school supplies. These programs had total revenues of \$1.7 million and expenses of \$1.7 million for fiscal year 2009.

The School District's major enterprise fund is the adult education fund which had a decrease in net assets of \$12,100 in fiscal year 2009.

**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.

For the general fund actual revenue and other financing sources of \$16.0 million was less than \$10,000 over the final budget estimate and \$.7 million over the original budget estimate of \$15.3 million. Intergovernmental revenues were more than originally estimated.

Original and final appropriations and other financing uses were \$15.8 million and \$17.1 million, respectively. Instruction, administration and operation and maintenance expenditures were estimated higher in the final appropriations. The increases anticipated in the final appropriations did not occur and actual expenditures and other financing agreed to original appropriations of \$15.8 million.

**Capital Assets**

At the end of fiscal year 2009 the School District had \$8.0 million invested in land and construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. A total of \$7.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2009 balances compared with 2008.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and Construction in Progress	\$ 830,262	\$ 794,096	\$ 0	\$ 0	\$ 830,262	\$ 794,096
Buildings and Improvements	6,500,026	6,712,382	122,311	129,519	6,622,337	6,841,901
Furniture and Equipment	492,895	371,713	0	0	492,895	371,713
Vehicles	48,336	28,341	0	0	48,336	28,341
Infrastructure	9,054	10,701	0	0	9,054	10,701
<b>Totals</b>	<b>\$ 7,880,573</b>	<b>\$ 7,917,233</b>	<b>\$ 122,311</b>	<b>\$ 129,519</b>	<b>\$ 8,002,884</b>	<b>\$ 8,046,752</b>

**Medina County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)*

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Total capital assets decreased \$.04 million or .6% from fiscal year 2008. Additions include beginning renovations for the media lab and food service and office equipment. Depreciation of \$.3 million was more than the cost of the additions accounting for the decrease in capital assets. For additional information, see Note 8.

***Contacting the School District's Financial Management***

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

**Medina County Joint Vocational School District**  
*Statement of Net Assets*  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,298,789	\$ 403,474	\$ 6,702,263
Receivables:			
Taxes	7,488,481	0	7,488,481
Accounts	17,374	0	17,374
Internal Balances	150,000	(150,000)	0
Intergovernmental	267,731	0	267,731
Inventory	120,419	13,980	134,399
Nondepreciable Capital Assets	830,262	0	830,262
Depreciable Capital Assets (Net)	7,050,311	122,311	7,172,622
<i>Total Assets</i>	<u>22,223,367</u>	<u>389,765</u>	<u>22,613,132</u>
<b>Liabilities</b>			
Accounts Payable	118,471	21,991	140,462
Contracts Payable	145,205	0	145,205
Accrued Wages and Benefits	1,135,167	62,702	1,197,869
Vacation Benefits Payable	38,319	2,179	40,498
Intergovernmental Payable	309,425	16,479	325,904
Deferred Revenue	6,623,899	0	6,623,899
Long Term Liabilities:			
Due Within One Year	95,436	0	95,436
Due in More Than One Year	1,292,981	49,035	1,342,016
<i>Total Liabilities</i>	<u>9,758,903</u>	<u>152,386</u>	<u>9,911,289</u>
<b>Net Assets</b>			
Invested in Capital Assets	7,880,573	122,311	8,002,884
Restricted for:			
Capital Projects	321,814	0	321,814
Other Purposes	51,259	0	51,259
Unrestricted	4,210,818	115,068	4,325,886
<i>Total Net Assets</i>	<u>\$ 12,464,464</u>	<u>\$ 237,379</u>	<u>\$ 12,701,843</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2009*

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
Current:			
Instruction:			
Regular	\$ 2,421,040	\$ 0	\$ 1,831
Special	469,000	0	0
Vocational	5,143,069	143,657	35,530
Adult Continuing	208,299	0	166,538
Support Services:			
Pupils	1,743,784	0	273,266
Instructional Staff	761,371	0	145,308
Board of Education	38,601	0	0
Administration	1,571,685	10,516	5,803
Fiscal	540,771	0	0
Business	246,545	0	0
Operation and Maintenance of Plant	2,232,142	0	0
Pupil Transportation	47,524	0	0
Central	276,530	0	3,000
Operation of Non-Instructional Services	116,775	0	1,419
Extracurricular Activities	24,005	8,817	400
<i>Total Governmental Activities</i>	<u>15,841,141</u>	<u>162,990</u>	<u>633,095</u>
<b>Business-Type Activities</b>			
Adult Education	1,192,365	901,980	258,755
Uniform School Supplies	245,782	235,661	0
Vocational Education	242,126	267,718	0
<i>Total Business-Type Activities</i>	<u>1,680,273</u>	<u>1,405,359</u>	<u>258,755</u>
<i>Totals</i>	<u>\$ 17,521,414</u>	<u>\$ 1,568,349</u>	<u>\$ 891,850</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Grants and Entitlements not Restricted to Specific Programs

Capital Grants not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.



Net (Expense) Revenue  
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,419,209)	\$ 0	\$ (2,419,209)
(469,000)	0	(469,000)
(4,963,882)	0	(4,963,882)
(41,761)	0	(41,761)
(1,470,518)	0	(1,470,518)
(616,063)	0	(616,063)
(38,601)	0	(38,601)
(1,555,366)	0	(1,555,366)
(540,771)	0	(540,771)
(246,545)	0	(246,545)
(2,232,142)	0	(2,232,142)
(47,524)	0	(47,524)
(273,530)	0	(273,530)
(115,356)	0	(115,356)
(14,788)	0	(14,788)
<u>(15,045,056)</u>	<u>0</u>	<u>(15,045,056)</u>
0	(31,630)	(31,630)
0	(10,121)	(10,121)
<u>0</u>	<u>25,592</u>	<u>25,592</u>
0	(16,159)	(16,159)
<u>\$ (15,045,056)</u>	<u>\$ (16,159)</u>	<u>\$ (15,061,215)</u>
7,951,448	0	7,951,448
7,917,494	0	7,917,494
262,577	0	262,577
84,789	0	84,789
49,101	19,530	68,631
16,265,409	19,530	16,284,939
<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
1,200,353	23,371	1,223,724
<u>11,264,111</u>	<u>214,008</u>	<u>11,478,119</u>
<u>\$ 12,464,464</u>	<u>\$ 237,379</u>	<u>\$ 12,701,843</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,973,980	\$ 324,809	\$ 6,298,789
Receivables:			
Taxes	7,488,481	0	7,488,481
Accounts	17,374	0	17,374
Interfund	206,629	0	206,629
Intergovernmental	0	267,731	267,731
Inventory	120,419	0	120,419
<i>Total Assets</i>	<u>\$ 13,806,883</u>	<u>\$ 592,540</u>	<u>\$ 14,399,423</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 118,471	\$ 0	\$ 118,471
Contracts Payable	0	145,205	145,205
Accrued Wages and Benefits	1,119,894	15,273	1,135,167
Interfund Payable	0	56,629	56,629
Intergovernmental Payable	307,065	2,360	309,425
Deferred Revenue	6,860,560	186,399	7,046,959
<i>Total Liabilities</i>	8,405,990	405,866	8,811,856
<b>Fund Balances</b>			
Reserved for Encumbrances	609,674	117,026	726,700
Reserved for Inventory	120,419	0	120,419
Reserved for Tax Revenue Unavailable for Appropriation	627,921	0	627,921
Undesignated, Unreserved Reported in:			
General Fund	4,042,879	0	4,042,879
Special Revenue Funds	0	33,903	33,903
Capital Projects Funds	0	35,745	35,745
<i>Total Fund Balances</i>	<u>5,400,893</u>	<u>186,674</u>	<u>5,587,567</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 13,806,883</u>	<u>\$ 592,540</u>	<u>\$ 14,399,423</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2009*

Total Governmental Fund Balances	\$	5,587,567
 <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.		7,880,573
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred in the funds.		
Grants	\$ 186,399	
Delinquent Property Taxes	<u>236,661</u>	423,060
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	(1,388,417)	
Vacation Benefits Payable	<u>(38,319)</u>	<u>(1,426,736)</u>
 Net Assets of Governmental Activities	 \$	 <u>12,464,464</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 7,947,134	\$ 0	\$ 7,947,134
Intergovernmental	7,917,494	996,259	8,913,753
Investment Income	84,789	429	85,218
Tuition and Fees	32,471	0	32,471
Extracurricular Activities	0	19,333	19,333
Rentals	3,385	0	3,385
Charges for Services	107,801	0	107,801
Miscellaneous	38,277	10,824	49,101
<i>Total Revenues</i>	<u>16,131,351</u>	<u>1,026,845</u>	<u>17,158,196</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	2,328,005	1,830	2,329,835
Special	448,150	0	448,150
Vocational	5,165,336	36,681	5,202,017
Adult Continuing	37,859	170,595	208,454
Support Services:			
Pupils	1,458,297	264,987	1,723,284
Instructional Staff	592,303	153,282	745,585
Board of Education	38,601	0	38,601
Administration	1,534,938	16,716	1,551,654
Fiscal	533,832	0	533,832
Business	245,336	0	245,336
Operation and Maintenance of Plant	1,882,323	163,032	2,045,355
Pupil Transportation	38,853	0	38,853
Central	271,127	3,000	274,127
Operation of Non-Instructional Services	112,010	2,362	114,372
Extracurricular Activities	0	24,005	24,005
Capital Outlay	50,902	147,731	198,633
<i>Total Expenditures</i>	<u>14,737,872</u>	<u>984,221</u>	<u>15,722,093</u>
<i>Excess of Revenues Over Expenditures</i>	1,393,479	42,624	1,436,103
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sales of Capital Assets	15,218	0	15,218
Transfers out	(20,000)	0	(20,000)
<i>Total Financing Sources and (Uses)</i>	<u>(4,782)</u>	<u>0</u>	<u>(4,782)</u>
<i>Net Change in Fund Balance</i>	1,388,697	42,624	1,431,321
<i>Fund Balance at Beginning of Year</i>	<u>4,012,196</u>	<u>144,050</u>	<u>4,156,246</u>
<i>Fund Balance at End of Year</i>	<u>\$ 5,400,893</u>	<u>\$ 186,674</u>	<u>\$ 5,587,567</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$	1,431,321
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 249,452	
Current Year Depreciation	<u>(286,112)</u>	(36,660)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(101,016)	
Delinquent Property Taxes	<u>4,314</u>	(96,702)
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(100,905)	
Vacation Benefits Payable	<u>3,299</u>	<u>(97,606)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>1,200,353</u></u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,690,943	\$ 7,494,685	\$ 7,494,685	\$ 0
Intergovernmental	7,136,977	7,917,494	7,917,494	0
Investment Income	65,721	84,789	84,789	0
Tuition and Fees	19,261	24,849	24,849	0
Rentals	2,624	3,385	3,385	0
Charges for Services	68,188	107,801	107,801	0
Miscellaneous	19,354	28,877	38,277	9,400
<i>Total Revenues</i>	<u>15,003,068</u>	<u>15,661,880</u>	<u>15,671,280</u>	<u>9,400</u>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	8,261,086	8,936,475	8,569,066	367,409
Support Services				
Pupils	1,581,891	1,714,016	1,566,985	147,031
Instructional Staff	587,264	642,263	595,602	46,661
Board of Education	40,036	43,291	39,601	3,690
Administration	1,580,176	1,717,698	1,537,980	179,718
Fiscal	536,388	580,852	533,553	47,299
Business	243,866	264,237	241,582	22,655
Operation and Maintenance of Plant	2,118,381	2,285,581	2,016,296	269,285
Pupil Transportation	35,682	38,430	38,389	41
Central	310,049	333,393	283,304	50,089
Operation of Non-Instructional Services	104,935	113,701	103,952	9,749
Capital Outlay	205,362	210,179	65,456	144,723
<i>Total Expenditures</i>	<u>15,605,116</u>	<u>16,880,116</u>	<u>15,591,766</u>	<u>1,288,350</u>
Excess of Revenues Over (Under) Expenditures	(602,048)	(1,218,236)	79,514	1,297,750
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Assets	15,218	15,218	15,218	0
Advances In	281,576	281,576	281,576	0
Advances Out	(206,629)	(206,629)	(206,629)	0
Transfers Out	(20,000)	(20,000)	(20,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>70,165</u>	<u>70,165</u>	<u>70,165</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(531,883)	(1,148,071)	149,679	1,297,750
<i>Fund Balance at Beginning of Year</i>	4,525,692	4,525,692	4,525,692	0
Prior Year Encumbrances Appropriated	570,466	570,466	570,466	0
<i>Fund Balance at End of Year</i>	<u>\$ 4,564,275</u>	<u>\$ 3,948,087</u>	<u>\$ 5,245,837</u>	<u>\$ 1,297,750</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**

*Statement of Net Assets*

*Proprietary Funds*

*June 30, 2009*

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 358,020	\$ 45,454	\$ 403,474
Inventory	0	13,980	13,980
<i>Total Current Assets</i>	358,020	59,434	417,454
Non Current Assets:			
Depreciable Capital Assets (Net)	122,311	0	122,311
<i>Total Assets</i>	480,331	59,434	539,765
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	0	21,991	21,991
Accrued Wages and Benefits	62,702	0	62,702
Vacation Benefits Payable	2,179	0	2,179
Interfund Payable	0	150,000	150,000
Intergovernmental Payable	16,479	0	16,479
<i>Total Current Liabilities</i>	81,360	171,991	253,351
Long Term Liabilities:			
Compensated Absences	49,035	0	49,035
<i>Total Liabilities</i>	130,395	171,991	302,386
<b>Net Assets</b>			
Invested in Capital Assets	122,311	0	122,311
Unrestricted (Deficit)	227,625	(112,557)	115,068
<i>Total Net Assets (Deficit)</i>	\$ 349,936	\$ (112,557)	\$ 237,379

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Statement of Revenues, Expenses and Changes in Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2009*

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
<b>Operating Revenues:</b>			
Tuition	\$ 834,799	\$ 0	\$ 834,799
Sales	67,181	327,452	394,633
Home Sale	0	175,927	175,927
Other Operating Revenues	19,530	0	19,530
<i>Total Operating Revenues</i>	<u>921,510</u>	<u>503,379</u>	<u>1,424,889</u>
<b>Operating Expenses:</b>			
Salaries	700,624	0	700,624
Fringe Benefits	311,560	0	311,560
Purchased Services	84,215	139,970	224,185
Materials and Supplies	82,391	334,098	416,489
Depreciation	7,208	0	7,208
Other Operating Expenses	6,367	13,840	20,207
<i>Total Operating Expenses</i>	<u>1,192,365</u>	<u>487,908</u>	<u>1,680,273</u>
Operating Income (Loss)	<u>(270,855)</u>	<u>15,471</u>	<u>(255,384)</u>
<b>Non-Operating Revenues:</b>			
Grants	258,755	0	258,755
<i>Total Non-Operating Revenues</i>	<u>258,755</u>	<u>0</u>	<u>258,755</u>
<i>Income (Loss) Before Transfers</i>	(12,100)	15,471	3,371
Transfers in	<u>0</u>	<u>20,000</u>	<u>20,000</u>
<i>Change in Net Assets</i>	(12,100)	35,471	23,371
<i>Net Assets (Deficit) Beginning of Year</i>	<u>362,036</u>	<u>(148,028)</u>	<u>214,008</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 349,936</u>	<u>\$ (112,557)</u>	<u>\$ 237,379</u>

See accompanying notes to the basic financial statements.



**Medina County Joint Vocational School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2009*

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
<b>Cash Flows From Operating Activities:</b>			
Cash Received from Customers	\$ 921,510	\$ 503,379	\$ 1,424,889
Cash Paid for Goods and Services	(172,973)	(470,011)	(642,984)
Cash Paid to Employees	(999,521)	0	(999,521)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(250,984)</u>	<u>33,368</u>	<u>(217,616)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Transfers from Other Funds	0	20,000	20,000
Repayment of Loans from Other Funds	0	(200,000)	(200,000)
Loans from Other Funds	0	150,000	150,000
Grants Received	258,755	0	258,755
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>258,755</u>	<u>(30,000)</u>	<u>228,755</u>
<i>Net Increase in Cash and Cash Equivalents</i>	7,771	3,368	11,139
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>350,249</u>	<u>42,086</u>	<u>392,335</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 358,020</u>	<u>\$ 45,454</u>	<u>\$ 403,474</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>			
Operating Income (Loss)	\$ (270,855)	\$ 15,471	\$ (255,384)
Adjustments:			
Depreciation	7,208	0	7,208
Decrease in Assets			
Inventory	0	403	403
Increase (Decrease) in Liabilities			
Accounts Payable	0	17,494	17,494
Accrued Wages and Benefits	7,542	0	7,542
Compensated Absences and Vacation Benefits Payable	6,662	0	6,662
Intergovernmental Payable	(1,541)	0	(1,541)
<i>Total Adjustments</i>	<u>19,871</u>	<u>17,897</u>	<u>37,768</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (250,984)</u>	<u>\$ 33,368</u>	<u>\$ (217,616)</u>

See accompanying notes to the basic financial statements.

**Medina County Joint Vocational School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*June 30, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 50,762</u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$ 50,762</u>
<i>Total Liabilities</i>	<u>\$ 50,762</u>

See accompanying notes to the basic financial statements.

## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009*

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#### **Note 1 - Description of the School District**

The Medina County Joint Vocational School District also known as the Medina County Career Center is a vocational high school and adult and continuing education center.

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

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

#### ***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the 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. Based on the foregoing criteria, the School District has no component units.

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio Schools' Council, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in [Notes 9 and 14](#) 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, to its governmental and business-type activities and enterprise funds provided they do not conflict with or contradict GASB

## Medina County Joint Vocational School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009*

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pronouncements. The School District has elected not to follow FASB guidance issued after November 30, 1989 for business-type activities and enterprise funds.

The most significant of the School District's accounting policies are described below.

#### ***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

#### ***B. Fund Accounting***

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

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

## Medina County Joint Vocational School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009*

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

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

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

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

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

The other enterprise funds are considered non major, which account for vocational education and uniform school supplies services.

**Fiduciary Funds** 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. The School District's agency funds account for student activities.

### **C. Measurement Focus**

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

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

## Medina County Joint Vocational School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

#### ***D. Basis of Accounting***

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 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.

## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

#### ***E. Cash and Cash Equivalents***

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

During fiscal year 2009, investments were limited to repurchase agreements and STAROhio, (the State Treasurer's Investment Pool).

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009. Repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$84,789, which includes \$3,303 assigned from other School District funds.

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

#### ***F. Inventory***

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

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

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**G. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The School District has no restricted assets for 2009.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$12,000. 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 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	Business-Type Activities Estimated Lives
Land and Construction in Progress	N/A	N/A
Buildings and Improvements	10 - 60 Years	10 - 60 Years
Furniture and Equipment	5 - 20 Years	N/A
Vehicles	5 - 15 Years	N/A
Infrastructure	20 Years	N/A

The School District's infrastructure consists of signs and street lights.

**I. Interfund Balances**

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



**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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***J. Compensated Absences***

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

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

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

***K. Accrued Liabilities and Long-term Obligations***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences 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.

***L. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are for instruction of students. At June 30, 2009, the School District had no net assets restricted by 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.

## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009*

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#### ***M. Fund Balance Reserves***

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

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

#### ***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult and vocational education classes, and sales of uniform school supplies. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are considered non-operating.

#### ***O. Interfund Activity***

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

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

#### ***P. Estimates***

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

#### ***Q. Budgetary Data***

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

## Medina County Joint Vocational School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or are less than current estimates. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2009.

***Appropriations*** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. The legal level of control has been established by the Board of Education at the fund level for all funds. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statement reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

***R. Changes in Accounting Principles***

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*”, GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, and GASB Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**Note 3 – Fund Deficits**

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Other Governmental Funds:	
Public Preschool	\$ 13,320
Career Development	1,800
Able	6,153
Perkins	1,107
Title V	146
Drug Free	912
Improving Teacher Quality	1,957
Nonmajor Enterprise Fund:	
Vocational Rotary	126,166

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

**Note 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 Balance - Budget (Non-GAAP Basis) and Actual, is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**Net Change in Fund Balance**

GAAP Basis	\$ 1,388,697
Net Adjustment for Revenue Accruals	(460,071)
Advance In	281,576
Advance Out	(206,629)
Net Adjustment for Expenditure Accruals	(125,749)
Adjustment for Encumbrances	<u>(728,145)</u>
Budget Basis	<u>\$ 149,679</u>

**Note 5 - Deposits and Investments**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$345,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase

## Medina County Joint Vocational School District

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**Cash on Hand:** At year end, the School District had \$150 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

**Deposits:** The carrying value of the School District's deposits totaled \$182,685 and the bank balances of the deposits totaled \$254,265. All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

#### Investments

Investments are reported at fair value. As of June 30, 2009, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0 - 6
Repurchase Agreement	\$ 345,000	\$ 345,000
STAROhio	6,225,190	6,225,190
Totals	<u>\$ 6,570,190</u>	<u>\$ 6,570,190</u>

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk:** The School District's investments at June 30, 2009 in STAROhio is rated AAAM by Standard & Poor's. The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. More than 5% of the School District's investments are in the repurchase agreement and STAROhio which are 5% and 95%, respectively, of the School District's total investments, for the amounts listed above.

#### 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.



## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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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 year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2006, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Medina, Lorain, and Summit Counties. The County Auditors and Fiscal Officers periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 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, 2009 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.

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

The amount available as an advance at June 30, 2009 was \$627,921 and is recognized as revenue in the general fund.

On the 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 2009 taxes were collected are:

	2008 Second Half Collections Valuation	%	2009 First Half Collections Amount	%
Real Property				
Residential/Agricultural	\$ 3,357,149,220	82.22%	\$ 3,415,368,480	83.73%
Commerical/Industrial	588,559,620	14.42%	589,337,440	14.45%
Tangible Personal Property				
General	70,202,931	1.72%	68,370	0.00%
Public Utilities	67,027,450	1.64%	74,172,379	1.82%
Total Assessed Valuation	<u>\$ 4,082,939,221</u>	<u>100.00%</u>	<u>\$ 4,078,946,669</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$3.05	\$3.05
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**Note 7 - Receivables**

Receivables at June 30, 2009, consisted of 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 fiscal year guarantee of federal funds.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2009 County appropriations yet to be received as of June 30, 2009.

Intergovernmental receivables consisted of \$30,827 in various special revenue funds for operating grants and \$236,904 in the capital grant fund for building upgrades and maintenance.

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 794,096	\$ 0	\$ 0	\$ 794,096
Construction in Progress	0	36,166	0	36,166
Total Capital Assets, not being depreciated	794,096	36,166	0	830,262
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	11,442,065	0	0	11,442,065
Furniture and Equipment	1,299,739	175,786	(71,597)	1,403,928
Vehicles	183,195	37,500	0	220,695
Infrastructure	32,931	0	0	32,931
Total Capital Assets, being depreciated	12,957,930	213,286	(71,597)	13,099,619
Less Accumulated Depreciation:				
Buildings and Improvements	(4,729,683)	(212,356)	0	(4,942,039)
Furniture and Equipment	(928,026)	(54,604)	71,597	(911,033)
Vehicles	(154,854)	(17,505)	0	(172,359)
Infrastructure	(22,230)	(1,647)	0	(23,877)
Total Accumulated Depreciation	(5,834,793)	(286,112)	71,597	(6,049,308)
Total Capital Assets being depreciated, net	7,123,137	(72,826)	0	7,050,311
Governmental Activities Capital Assets, Net	<u>\$ 7,917,233</u>	<u>\$ (36,660)</u>	<u>\$ 0</u>	<u>\$ 7,880,573</u>
<b>Business-Type Activities</b>				
<i>Capital Assets being depreciated</i>				
Buildings	\$ 347,289	\$ 0	\$ 0	\$ 347,289
Total Capital Assets, being depreciated	347,289	0	0	347,289
Less Accumulated Depreciation:				
Buildings	(217,770)	(7,208)	0	(224,978)
Total Accumulated Depreciation	(217,770)	(7,208)	0	(224,978)
Total Capital Assets being depreciated, net	129,519	(7,208)	0	122,311
Business-Type Activities Capital Assets, Net	<u>\$ 129,519</u>	<u>\$ (7,208)</u>	<u>\$ 0</u>	<u>\$ 122,311</u>

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Depreciation expense was charged as follows:

**Governmental Activities:**

Instruction:	
Regular	\$ 86,555
Special	11,087
Vocational	97,734
Support Services:	
Pupil	2,403
Instructional Staff	12,013
Administration	9,610
Fiscal	9,610
Operation and Maintenance of Plant	43,623
Pupil Transportation	8,671
Central	2,403
Operation of Non-Instructional Services	<u>2,403</u>
Total Depreciation	<u>\$ 286,112</u>

**Business-Type Activities:**

Adult Education	<u>\$ 7,208</u>
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**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.

The School District through the Ohio Schools Council has a comprehensive property and casualty policy with Indiana Insurance and boiler coverage through Travelers Insurance. The deductible is \$5,000 per incident. Fleet coverage is provided by the Ohio School Plan and Hartford Reinsurance with a \$3,000,000 limit and a \$500 deductible. The School District has a liability policy through the Ohio School Plan and The Hartford Insurance Company with a \$3,000,000 limit. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no reduction in coverage from the prior year.

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

***B. Workers' Compensation***

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

## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

#### ***C. Employee Medical Benefits***

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

#### **Note 10 – Compensated Absences**

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

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

#### **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 State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [ohsers.org](http://ohsers.org), under *Employers/Audit Resources*.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School

## **Medina County Joint Vocational School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2008 the amount was 9.16% and for fiscal year 2007 the amount was 10%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2009, 2008, and 2007 were \$196,119, \$192,923 and \$192,479, respectively; 99% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

#### ***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 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at [strsoh.org](http://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 divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. 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 DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$866,008, \$853,233 and \$885,763, respectively; 98% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$850 made by the School District and \$4,030 made by the plan members.

## Medina County Joint Vocational School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009*

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A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

#### ***C. Social Security System***

Effective July, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, four members of the Board of Education have elected Social Security. The contribution rate was 6.2% of wages.

#### **Note 12 - Postemployment Benefits**

##### ***A. School Employees Retirement System***

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2009, the health care allocation was 4.16%, at June 30, 2008 and 2007, the health care allocation was 4.18% and 3.32%, respectively. The District's contributions for the years ended June 30, 2009, 2008 and 2007 were \$89,753, \$88,037 and \$63,903, respectively; 50% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2009 this amounted to \$33,844.

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was .75% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years 2009, 2008 and 2007 were \$16,181, \$13,901 and 13,089, respectively; 99% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Ohio law authorized STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2009, 2008 and 2007. The School District's contributions for health care for fiscal years ended June 30, 2009, 2008 and 2007 were \$66,616, \$65,633 and \$68,136, respectively; 98% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

**Note 13 - Long - Term Obligations**

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

	Outstanding 6/30/08	Additions	Reductions	Outstanding 6/30/09	Amounts Due in One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 1,287,512	\$ 158,303	\$ 57,398	\$ 1,388,417	\$ 95,436
Total Governmental Activities	<u>\$ 1,287,512</u>	<u>\$ 158,303</u>	<u>\$ 57,398</u>	<u>\$ 1,388,417</u>	<u>\$ 95,436</u>
Long-Term Liabilities	<u>\$ 1,287,512</u>	<u>\$ 158,303</u>	<u>\$ 57,398</u>	<u>\$ 1,388,417</u>	<u>\$ 95,436</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 42,316</u>	<u>\$ 6,719</u>	<u>\$ 0 *</u>	<u>\$ 49,035</u>	<u>\$ 0</u>

\* There were no severance payouts in the business-type activities in fiscal year 2009 and no expected payouts in fiscal year 2010.

Compensated absences are generally paid by the general or adult education fund.



**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**Note 14 - Jointly Governed Organizations**

***A. Northeast Ohio Network for Educational Technology (NEOnet)***

The Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization among 27 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of these schools supports NEOnet based upon a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. NEOnet is governed by a Board of Directors chosen from the general membership of the NEOnet Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least three at-large Assembly members. During the fiscal year 2009, the District contributed \$23,904 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Summit County, who serves as the fiscal agent, at 420 Washington Avenue, Cuyahoga Falls, OH 44221.

***B. Ohio Schools Council***

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

The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. During the year ended June 30, 2009, the School District paid approximately \$350 to the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio.

**Note 15 – Contingencies**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

**Medina County Joint Vocational School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 16 - Interfund Balances**

Interfund balances at June 30, 2009 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 206,629	\$ 0
Nonmajor Governmental Funds	0	56,629
Nonmajor Enterprise Funds	0	150,000
	\$ 206,629	\$ 206,629

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

**Note 17 - Interfund Transfers**

Transfers made during fiscal year 2009 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 20,000
Nonmajor Enterprise Fund	20,000	0
Total	\$ 20,000	\$ 20,000

In 2009, transfers were made to move general fund unrestricted balances to support programs and projects accounted for in other funds.

**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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

**Medina County Joint Vocational School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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	Capital Improvement Reserve	Textbooks Instructional Materials Reserve
Set-Aside Carryover Balance as of June 30, 2008	\$ 0	\$ (4,353,407)
Current Year Set-Aside Requirement	174,451	174,451
Qualifying Disbursements	<u>(211,476)</u>	<u>(1,054,136)</u>
Total	<u>\$ (37,025)</u>	<u>\$ (5,233,092)</u>
Balance Carried Forward to 2010	<u>\$ 0</u>	<u>\$ (5,233,092)</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the capital improvement reserve.

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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*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2009-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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

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 believe finding number 2009-001 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 11, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 District's management in a separate letter dated December 11, 2009.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 11, 2009

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

**SCHEDULE OF FINDINGS  
JUNE 30, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Material Weakness**

**Financial Statement Errors**

Our testing of various financial statement accounts revealed the following:

- Governmental Activity and Other Governmental Funds' contracts payable and related expenses/expenditures were understated \$118,710 due to omission of two roof replacement projects. Related to this error, reserved for encumbrances for the other governmental funds was overstated by an equal amount. These errors were adjusted to the financial statements.
- Governmental Activity non-depreciable capital assets (construction in progress), depreciable capital assets, and invested in capital assets were understated \$118,710, \$134,395, \$253,105, respectively, due omission of two roof replacement projects. Related to this error, Governmental Activity expenses were overstated \$253,105. These items were reported to management as unadjusted differences.
- Governmental Activities, General Fund and Other Governmental Funds' accounts payable and related expenses/expenditures were understated \$253,069, \$251,152, \$5,404, respectively, primarily due to transaction omission and a fund classification error. Related to these errors, General Fund and Other Governmental Funds' reserved for encumbrances were overstated \$243,495 and \$25, respectively, and unreserved fund balance was understated by equal amounts. These items were reported to management as unadjusted differences.
- Governmental Activity and Business-Type Activities' long term liabilities due in more than one year and related expenses were understated \$14,632 and \$512, respectively, due to the omission of June accrued sick leave balances in the calculation. These items were reported to management as unadjusted differences.
- Governmental Activity restricted net assets was understated \$14,789 and unrestricted net assets was overstated by an equal amount due to the inclusion of negative fund balances in the calculation of restricted net assets.

Management should review the draft financial statements and journal entries to help ensure they are supported by sufficient and accurate documentation, free of obvious errors and consistent with management's financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

**Officials' Response:** Management is aware of these issues and will work to correct them.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by to by the Board, solely to assist the Board in evaluating whether the Medina County Joint Vocational School District, Medina County, Ohio, (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on February 24, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A procedure for reporting prohibited incidents;
  - (2) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (3) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (4) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
  - (5) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
3. We read the policy, noting it excluded the following requirements from Ohio Rev. Code Section 3313.666(B):
- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for documenting any prohibited incident that is reported;
  - (4) A procedure for responding to and investigating any reported incident;
  - (5) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 11, 2009



**Mary Taylor, CPA**  
Auditor of State

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2010**