



**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
ASHLAND COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2011**



**Dave Yost • Auditor of State**



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

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2011, 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, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental activities net assets and governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 17, 2012

**Ashland County-West Holmes Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)*

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The discussion and analysis of the Ashland County-West Holmes 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, 2011. 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 2011 are as follows:

- In total, net assets increased \$980,979.
- General revenues accounted for \$6,142,602 in revenue or 71 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,510,542 or 29 percent of total revenues of \$8,653,144.
- The School District had \$7,672,165 in expenses related to governmental activities; only \$2,510,542 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,142,602 were adequate to provide for these programs.
- Outstanding debt decreased from \$1,019,741 in 2010 to \$902,705 during 2011.
- Among major funds, the general fund had \$5,991,353 in revenues and \$5,581,589 in expenditures and other financing uses. During fiscal year 2011, the general fund balance increased \$409,764 from \$4,189,009 to \$4,598,773.

***Using this Annual Report***

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

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

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2011*  
(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 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* (excluding fiduciary funds) using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation and non-instructional services, which include the food service operations.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. 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 funds are the general, permanent improvement and adult education funds.

**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 basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**The School District as a Whole**

Recall 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 2011 compared to 2010:

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

	Governmental Activities	
	2011	Restated 2010
<b>Assets:</b>		
Current and Other Assets	\$ 9,247,369	\$ 9,093,750
Capital Assets	5,174,836	4,792,833
Total Assets	14,422,205	13,886,583
<b>Liabilities:</b>		
Long-Term Liabilities	1,247,154	1,331,292
Other Liabilities	2,540,124	2,901,343
Total Liabilities	3,787,278	4,232,635
<b>Net Assets:</b>		
Invested in Capital Assets		
Net of Related Debt	4,272,131	3,773,092
Restricted	1,111,646	458,071
Unrestricted	5,251,150	5,422,785
Total Net Assets	\$ 10,634,927	\$ 9,653,948

Total assets increased by \$535,622. This was primarily due to the increase in capital assets related to construction in progress that was completed. There was also a slight increase in taxes receivable. Total liabilities decreased by \$445,357, which was primarily a result of a reduction in debt and deferred revenue.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)

Table 2 shows the changes in net assets for fiscal years 2011 and 2010. This table presents two fiscal years in side-by-side comparison. This will enable the reader to draw further conclusions about the School District's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2011	2010*
<b>Revenues:</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 887,097	\$ 987,069
Operating Grants, Contributions and Interest	1,522,455	1,245,286
Capital Grants, Contributions and Interest	100,990	99,484
<i>General Revenue:</i>		
Property Taxes	3,188,890	2,728,287
Grants and Entitlements	2,880,081	2,851,284
Other	73,631	85,750
<i>Total Revenues</i>	<u>8,653,144</u>	<u>7,997,160</u>
<b>Program Expenses:</b>		
Instruction	4,886,243	4,880,167
<i>Support Services:</i>		
Pupil and Instructional Staff	335,116	433,205
Board of Education, Administration, Fiscal and Business	1,143,193	1,191,940
Operation and Maintenance of Plant	710,157	652,836
Pupil Transportation	6,584	6,637
Central	231,991	52,867
Operation of Non-Instructional Services	290,102	299,078
Extracurricular Activities	25,931	29,170
Intergovernmental	394	788
Interest and Fiscal Charges	42,454	45,574
<i>Total Expenses</i>	<u>7,672,165</u>	<u>7,592,262</u>
Increase in Net Assets	<u>\$ 980,979</u>	<u>\$ 404,898</u>

\* 2010 was not restated for changes in fund structure noted in Note 3. These activities are deemed insignificant and would not impact the entity-wide analysis.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)

**Governmental Activities**

Several revenue sources fund the School District's governmental activities with intergovernmental revenues being the largest contributor. Property taxes are also a large revenue generator. Property tax levies generated \$3,188,890 in 2011. With the combination of taxes and intergovernmental revenues funding over 100 percent of expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

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. Comparisons of 2011 to 2010 have been made in Table 3.

**(Table 3)**  
**Governmental Activities**

	Total Cost of Service 2011	Total Cost of Service 2010*	Net Cost of Service 2011	Net Cost of Service 2010*
Instruction	\$ 4,886,243	\$ 4,880,167	\$ (2,994,642)	\$ (3,021,439)
Support Services:				
Pupil and Instructional Staff	335,116	433,205	(259,936)	(319,428)
Board of Education, Administration				
Fiscal and Business	1,143,193	1,191,940	(1,139,602)	(1,189,654)
Operation and Maintenance of Plant	710,157	652,836	(603,867)	(547,408)
Pupil Transportation	6,584	6,637	(6,584)	(6,637)
Central	231,991	52,867	(66,231)	(20,141)
Operation of Non-Instructional Services	290,102	299,078	(21,982)	(80,184)
Extracurricular Activities	25,931	29,170	(25,931)	(29,170)
Intergovernmental	394	788	(394)	(788)
Interest and Fiscal Charges	42,454	45,574	(42,454)	(45,574)
<b>Total</b>	<b>\$ 7,672,165</b>	<b>\$ 7,592,262</b>	<b>\$ (5,161,623)</b>	<b>\$ (5,260,423)</b>

\* 2010 was not restated for changes in fund structure noted in Note 3. These activities are deemed insignificant and would not impact the entity-wide analysis.

Instruction and student support services comprise 83 percent of governmental program expenses. Interest and fiscal charges were .6 percent. Interest expense was attributable to the outstanding bonds; fiscal expenses include payments to the County Auditor for administrative fees and other administrative services provided to the School District. Pupil transportation and the operation and maintenance of plant account for 9.3 percent of governmental program expenses. Central expenses account for 3.0 percent of program expenses. Operation of non-instructional services, consisting primarily of food service operations and community services, comprise 3.8 percent of governmental program expenses. Extracurricular activities account for .3 percent of program expenses.

The dependence upon general revenues in the form of property taxes and grants and entitlements such as school foundation program is apparent.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2011*  
(UNAUDITED)

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***The School District's Funds***

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,533,308 (exclusive of other financing sources) and expenditures of \$8,140,374 (exclusive of other financing uses).

The net change in fund balance for the year was most significant in the general fund. In fiscal year 2011, the net change in fund balance in the general fund was \$409,764. This was due to an increase in revenue over the previous fiscal year, primarily in the areas of property tax and intergovernmental revenue. The amount of property tax revenue available for advance increased due to a change in the billing process by Ashland County. The net change in the adult education fund was an increase of \$181,514. This was mainly due to an increase in intergovernmental revenue over the previous fiscal year. The net change in the permanent improvement fund was a decrease of \$171,964. Expenditures for operation and maintenance of plant were much higher than the previous fiscal year.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the School District did not modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$5,708,074 and actual revenues and other financing sources were \$5,696,753. Of this \$11,321 decrease, most was due to actual intergovernmental revenue being less than anticipated.

General fund appropriations (appropriated expenditures plus other financing uses) were \$6,192,928 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$5,698,945, which was \$493,983 lower than final budget appropriations with expenditures for vocational instruction and operation and maintenance of plant accounting for the majority of this difference.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2011, the School District had \$5,174,836 invested in land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. See note 7 for additional details. Table 4 shows fiscal year 2011 balances compared with 2010.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)

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

	Governmental Activities	
	2011	2010
Land	\$ 50,000	\$ 50,000
Land Improvements	17,434	18,134
Buildings and Building Improvements	4,239,529	4,240,752
Infrastructure	11,148	12,169
Furniture and Equipment	837,416	424,340
Vehicles	19,309	0
Construction in Progress	0	47,438
Totals	\$ 5,174,836	\$ 4,792,833

The \$382,003 increase in capital assets was attributable to the completion of construction projects which were started during fiscal year 2010. Two projects were placed in service during fiscal year ended June 30, 2011.

**Debt Administration**

At June 30, 2011, the School District had \$902,705 in outstanding debt with \$112,394 due within one year. See note 8 for additional details. Table 5 summarizes bonds and loans outstanding.

**(Table 5)**  
**Outstanding Debt, at June 30**

	Governmental Activities	
	2011	2010
OWDA Loan	\$ 33,441	\$ 66,223
General Obligation Bonds	869,264	953,518
Totals	\$ 902,705	\$ 1,019,741

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2011*  
(UNAUDITED)

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***Current Financial Related Activities***

The Ashland County-West Holmes Joint Vocational School District ended fiscal year 2011 in a strong financial position.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920, which was passed in 1976 in response to double-digit inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If, three years later, the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Voters approved the renewal of the 1.0 mill issue in November 2006. This stabilized the finances of the district. The Board of Education also requested that the voters replace the 0.5 mill continuing levy in November 2005. The effective rate of the levy had dropped to 0.28 mill. When the voters approved the replacement levy, the effective rate returned to the full 0.5 mill. Property taxes made up 37% of revenues for governmental activities for the Ashland County-West Holmes Joint Vocational School District in fiscal year 2011.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and the loss of commercial business and property due to plant closures. Since fiscal year 2003, the School District has lost \$141,508,500 in tangible personal property valuation. This translates to a loss of \$509,431 in General Fund revenue and \$70,754 in Permanent Improvement Fund revenue. While this trend will continue, the State of Ohio implemented a program to reimburse schools for lost tangible personal property tax revenue. The School District received reimbursements of \$368,798 for the General Fund in fiscal year 2011, while the Permanent Improvement amount was \$51,222. The final payments for the fiscal year are made in fiscal year 2011. This program is currently only scheduled to make disbursements until fiscal year 2012. After the program expires, there is no guarantee that districts will continue to be "held harmless."

As the preceding information shows, the School District relies heavily on its local property taxpayers. Management diligently planned expenses so that the last levy stretched for the three years it was promised. This has been made increasingly difficult with mandates, rising utility costs, increased services required for our students, and significant increases in fees, insurances, teaching materials, and textbooks.

The staff members of the School District have worked hard to reduce expenses while still delivering a quality education to students. The staff's commitment to the students and community were vital to maintaining the financial health of the School District.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2011*  
(UNAUDITED)

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The Ashland County-West Holmes Joint Vocational School District is a school of choice. Students choose to come to this school so enrollment levels are critical since it serves as the basis for receiving state foundation funding. Enrollment increased dramatically in fiscal year 2006 and then fell in fiscal year 2007 and fiscal year 2008 by approximately 40 students. The foundation amount received stayed comparable between fiscal year 2006 and fiscal year 2010 due to the transitional aid ("the guarantee") received which is intended to keep the foundation revenue at the prior year level. Time was spent evaluating the viability of the current programs and investigating the start-up of new programs. We added the Sports Science program in fiscal year 2010.

During fiscal year 2007, the Board of Education approved an energy retrofit project under the auspices of HB264. The energy savings from the retrofit more than cover the cost of the loan. This project was finished in November 2007. Preliminary results over the first year showed enough savings to consider retro fitting the lighting system, which was started in fiscal year 2008. We have been able to cut our electrical consumption by about 50%.

The Federal Government awarded a \$500,000 Small Business Administration Grant to the BioScience Consortium in fiscal year 2008. The Career Center was designated as the fiscal agent. The majority of the grant covers the construction of a BioScience lab within the school building. The demolition started in May 2008 with construction proceeding through September 2008. The new lab provides an excellent learning environment and will be a useful tool for the recruitment of students. The balance of the grant which relates to internships, equipment upgrades, professional development for teachers, etc. was completed in fiscal year 2010. Final payments to close the grant were made in September 2010.

The State of Ohio has been providing "career-technical weighted funds" to career centers. This additional source of revenue is to acknowledge that it costs more to educate a career-technical student than a regular comprehensive high school student. In fiscal year 2006, it became mandatory for treasurers to report the spending of career-technical funds. While this appears to be a simple task, there is not agreement on what the rules say, what is an allowable expense, and who determines what qualifies. The Ohio Department of Education actually issued four different versions of what was acceptable for calculations. This issue remains unclear to date. In the past, account codes were kept simple to make it easier for administrators and staff to code their requisitions. With the required reporting of career-technical expenditures, account codes have become more complicated. As an example, the copier in the Teachers Work Area is used by everyone in the building. About 65 percent of the usage is done by career-technical teachers so three codes must now be used to account for copy costs – one for career-technical teachers, one for academic teachers, and one for administrative offices. It has forced a change in how we use grants. In the past, the grants covered supplies, contracted services, mileages, and special purchases. Now the grants are being used to pay for salaries and the General Fund pays for textbooks, supplies, and equipment. The Treasurer for the Ashland County-West Holmes JVSD has been relatively conservative in calculating the items allowable until clarification has been received. There were no unspent career-technical weighted funds from fiscal year 2011.

The classified staff voted to join the Ashland Vocational Teachers Association (AVTA) in April 2009. The classified staff had not been part of a bargaining unit in the past. The current agreement with AVTA runs from August 1, 2010, through July 31, 2012.

While the School District is currently in a stable financial position, management and the Board of Education will have to continually plan carefully and prudently to provide the resources to meet student needs over the next several years.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2011*  
(UNAUDITED)

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***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 Sherry Paullin, Treasurer of Ashland County-West Holmes Joint Vocational School District, 1783 State Route 60, Ashland, OH 44805.

**Ashland County - West Holmes Joint Vocational School District**

*Statement of Net Assets*

*June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,200,593
Cash and Cash Equivalents with Fiscal Agent	985,621
Receivables:	
Taxes	2,966,751
Accounts	15,121
Intergovernmental	64,766
Prepaid Items	14,517
Nondepreciable Capital Assets	50,000
Depreciable Capital Assets (Net)	5,124,836
<i>Total Assets</i>	14,422,205
<b>Liabilities</b>	
Accounts Payable	53,194
Accrued Wages and Benefits	456,440
Accrued Vacation Payable	87,755
Intergovernmental Payable	83,912
Deferred Revenue	1,832,474
Accrued Interest Payable	3,019
Claims Payable	23,330
Long Term Liabilities:	
Due Within One Year	112,394
Due in More Than One Year	1,134,760
<i>Total Liabilities</i>	3,787,278
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,272,131
Restricted for:	
Capital Projects	283,437
Other Purposes	828,209
Unrestricted	5,251,150
<i>Total Net Assets</i>	\$ 10,634,927

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues				Net (Expense) and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 627,718	\$ 0	\$ 51,686	\$ 0	\$ (576,032)
Special	308,152	0	314,120	0	5,968
Vocational	2,684,978	20,324	110,176	0	(2,554,478)
Adult Continuing	1,263,550	684,375	710,920	0	131,745
Student Intervention Services	519	0	0	0	(519)
Other	1,326	0	0	0	(1,326)
Support Services:					
Pupils	150,445	0	26,928	0	(123,517)
Instructional Staff	184,671	0	48,252	0	(136,419)
Board of Education	48,304	0	0	0	(48,304)
Administration	698,009	1,187	2,404	0	(694,418)
Fiscal	393,174	0	0	0	(393,174)
Business	3,706	0	0	0	(3,706)
Operation and Maintenance of Plant	710,157	3,025	2,275	100,990	(603,867)
Pupil Transportation	6,584	0	0	0	(6,584)
Central	231,991	0	165,760	0	(66,231)
Operation of Non-Instructional Services:					
Food Service Operations	127,016	34,475	85,941	0	(6,600)
Community Services	163,086	143,711	3,993	0	(15,382)
Extracurricular Activities	25,931	0	0	0	(25,931)
Intergovernmental	394	0	0	0	(394)
Interest and Fiscal Charges	42,454	0	0	0	(42,454)
<b>Total Governmental Activities</b>	<b>\$ 7,672,165</b>	<b>\$ 887,097</b>	<b>\$ 1,522,455</b>	<b>\$ 100,990</b>	<b>(5,161,623)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					2,756,340
Capital Outlay					432,550
Grants and Entitlements not Restricted to Specific Programs					2,880,081
Investment Earnings					32,053
Miscellaneous					41,578
<b>Total General Revenues</b>					<b>6,142,602</b>
Change in Net Assets					980,979
<i>Net Assets Beginning of Year (Restated, See Note 3)</i>					<u>9,653,948</u>
<i>Net Assets End of Year</i>					<u><u>\$ 10,634,927</u></u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**

*Balance Sheet  
Governmental Funds  
June 30, 2011*

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,145,482	\$ 134,035	\$ 831,509	\$ 89,567	\$ 5,200,593
Receivables:					
Taxes	2,564,313	402,438	0	0	2,966,751
Accounts	3,271	0	11,850	0	15,121
Interfund	96,372	0	0	0	96,372
Intergovernmental	0	0	0	64,766	64,766
Prepaid Items	12,007	0	510	2,000	14,517
Due from Other Funds	1,449	0	0	0	1,449
<i>Total Assets</i>	<u>\$ 6,822,894</u>	<u>\$ 536,473</u>	<u>\$ 843,869</u>	<u>\$ 156,333</u>	<u>\$ 8,359,569</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 3,337	\$ 1,558	\$ 0	\$ 48,299	\$ 53,194
Accrued Wages and Benefits	397,753	0	31,228	27,459	456,440
Interfund Payable	0	0	0	96,372	96,372
Intergovernmental Payable	68,043	0	7,000	8,869	83,912
Due to Other Funds	0	0	0	1,449	1,449
Deferred Revenue	1,754,988	275,341	0	19,156	2,049,485
<i>Total Liabilities</i>	<u>2,224,121</u>	<u>276,899</u>	<u>38,228</u>	<u>201,604</u>	<u>2,740,852</u>
<b>Fund Balances</b>					
Nonspendable	12,007	0	510	2,000	14,517
Restricted	0	259,574	805,131	18,881	1,083,586
Committed	105,492	0	0	0	105,492
Unassigned	4,481,274	0	0	(66,152)	4,415,122
<i>Total Fund Balances</i>	<u>4,598,773</u>	<u>259,574</u>	<u>805,641</u>	<u>(45,271)</u>	<u>5,618,717</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,822,894</u>	<u>\$ 536,473</u>	<u>\$ 843,869</u>	<u>\$ 156,333</u>	<u>\$ 8,359,569</u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Reconciliation of Total Governmental*  
*Fund Balances to Net Assets of Governmental Activities*  
*June 30, 2011*

<b>Total Governmental Fund Balances</b>	\$	5,618,717
 <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.		5,174,836
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 19,156	
Delinquent Property Taxes	197,855	217,011
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		962,291
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is not recorded until due.		(3,019)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Vacation Payable	(87,755)	
Compensated Absences	(344,449)	
Bonds Payable	(869,264)	
Loan Payable	(33,441)	(1,334,909)
<i>Net Assets of Governmental Activities</i>	\$	10,634,927

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 2,679,494	\$ 420,504	\$ 0	\$ 0	\$ 3,099,998
Intergovernmental	3,092,849	100,695	652,778	643,831	4,490,153
Investment Income	10,218	295	0	15	10,528
Tuition and Fees	55,586	0	684,375	0	739,961
Rentals	3,025	0	0	0	3,025
Charges for Services	109,635	0	0	34,475	144,110
Contributions and Donations	855	0	3,100	0	3,955
Miscellaneous	39,691	0	1,887	0	41,578
<i>Total Revenues</i>	<u>5,991,353</u>	<u>521,494</u>	<u>1,342,140</u>	<u>678,321</u>	<u>8,533,308</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	546,900	8,959	0	50,978	606,837
Special	215,447	565	0	94,615	310,627
Vocational	2,551,763	0	0	104,716	2,656,479
Adult Continuing	37,798	0	1,160,626	78,665	1,277,089
Student Intervention Services	2,389	0	0	0	2,389
Other	1,411	0	0	0	1,411
Support Services:					
Pupils	119,588	0	0	26,412	146,000
Instructional Staff	159,423	232	0	24,364	184,019
Board of Education	48,304	0	0	0	48,304
Administration	723,239	1,515	0	2,357	727,111
Fiscal	380,469	10,570	0	0	391,039
Business	3,706	0	0	0	3,706
Operation and Maintenance of Plant	564,718	376,086	0	2,275	943,079
Pupil Transportation	3,153	0	0	0	3,153
Central	18,257	0	0	213,734	231,991
Operation of Non-Instructional Services					
Food Service Operations	0	0	0	120,749	120,749
Community Services	159,093	0	0	3,993	163,086
Extracurricular Activities	25,931	0	0	0	25,931
Intergovernmental	0	0	0	394	394
Capital Outlay	0	137,163	0	0	137,163
Debt Service:					
Principal Retirement	0	117,036	0	0	117,036
Interest and Fiscal Charges	0	41,332	0	1,449	42,781
<i>Total Expenditures</i>	<u>5,561,589</u>	<u>693,458</u>	<u>1,160,626</u>	<u>724,701</u>	<u>8,140,374</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>429,764</u>	<u>(171,964)</u>	<u>181,514</u>	<u>(46,380)</u>	<u>392,934</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	409,764	(171,964)	181,514	(26,380)	392,934
<i>Fund Balances Beginning of Year</i> <i>(Restated, See Note 3)</i>	<u>4,189,009</u>	<u>431,538</u>	<u>624,127</u>	<u>(18,891)</u>	<u>5,225,783</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,598,773</u>	<u>\$ 259,574</u>	<u>\$ 805,641</u>	<u>\$ (45,271)</u>	<u>\$ 5,618,717</u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	392,934
 <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 capital outlay exceeded depreciation expense in the current period.		
Capital Asset Additions	\$ 703,043	
Current Year Depreciation	<u>(321,040)</u>	382,003
 Other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	9,109	
Delinquent Property Taxes	<u>88,892</u>	98,001
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loans/Bonds		117,036
 In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		
		327
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Payable	(2,345)	
Compensated Absences	<u>(32,898)</u>	(35,243)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net income of the internal service fund is reported with governmental activities.		
		<u>25,921</u>
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 <u><u>980,979</u></u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes 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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$ 2,331,554	\$ 2,331,554	\$ 2,405,565	\$ 74,011
Intergovernmental	3,165,107	3,165,107	3,092,849	(72,258)
Investment Income	9,313	9,313	10,226	913
Tuition and Fees	19,075	19,075	20,944	1,869
Rentals	2,755	2,755	3,025	270
Charges for Services	98,722	98,722	108,395	9,673
Contributions and Donations	223	223	245	22
Miscellaneous	20,075	20,075	22,042	1,967
<i>Total Revenues</i>	<u>5,646,824</u>	<u>5,646,824</u>	<u>5,663,291</u>	<u>16,467</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	562,001	562,001	517,209	44,792
Special	230,715	230,715	212,327	18,388
Vocational	2,792,279	2,792,279	2,569,732	222,547
Adult Continuing	54,327	54,327	49,997	4,330
Student Intervention Services	7,689	7,689	7,076	613
Support Services:				
Pupils	131,748	131,748	121,248	10,500
Instructional Staff	178,079	178,079	163,886	14,193
Board of Education	54,289	54,289	49,962	4,327
Administration	774,309	774,309	712,596	61,713
Fiscal	410,875	410,875	378,128	32,747
Business	4,027	4,027	3,706	321
Operation and Maintenance of Plant	607,007	607,007	558,628	48,379
Pupil Transportation	3,430	3,430	3,157	273
Central	16,170	16,170	14,881	1,289
Operation of Non-Instructional Services:				
Community Services	134,541	134,541	123,818	10,723
Extracurricular Activities	28,167	28,167	25,922	2,245
<i>Total Expenditures</i>	<u>5,989,653</u>	<u>5,989,653</u>	<u>5,512,273</u>	<u>477,380</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(342,829)</u>	<u>(342,829)</u>	<u>151,018</u>	<u>493,847</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	500	500	800	300
Refund of Prior Year Expenditures	20,000	20,000	12,662	(7,338)
Advances In	40,750	40,750	20,000	(20,750)
Advances Out	(97,575)	(97,575)	(96,372)	1,203
Transfers Out	(105,700)	(105,700)	(90,300)	15,400
<i>Total Other Financing Sources (Uses)</i>	<u>(142,025)</u>	<u>(142,025)</u>	<u>(153,210)</u>	<u>(11,185)</u>
<i>Net Change in Fund Balance</i>	(484,854)	(484,854)	(2,192)	482,662
<i>Fund Balance Beginning of Year</i>	3,820,613	3,820,613	3,820,613	0
Prior Year Encumbrances Appropriated	201,675	201,675	201,675	0
<i>Fund Balance End of Year</i>	<u>\$ 3,537,434</u>	<u>\$ 3,537,434</u>	<u>\$ 4,020,096</u>	<u>\$ 482,662</u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Adult Education Fund  
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 911,998	\$ 792,631	\$ 652,778	\$ (139,853)
Tuition and Fees	946,904	822,969	677,763	(145,206)
Contributions and Donations	4,331	3,764	3,100	(664)
Miscellaneous	1,767	1,536	1,265	(271)
<i>Total Revenues</i>	<u>1,865,000</u>	<u>1,620,900</u>	<u>1,334,906</u>	<u>(285,994)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult Continuing	<u>1,900,000</u>	<u>1,278,013</u>	<u>1,171,091</u>	<u>106,922</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,000)</u>	<u>342,887</u>	<u>163,815</u>	<u>(179,072)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	203,650	0	(203,650)
Transfers Out	0	(621,987)	0	621,987
Refund of Prior Year Expenditures	0	0	4,243	4,243
Advances In	<u>10,000</u>	<u>50,450</u>	<u>50,450</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>(367,887)</u>	<u>54,693</u>	<u>422,580</u>
<i>Net Change in Fund Balance</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>218,508</u>	<u>243,508</u>
<i>Fund Balance Beginning of Year</i>	<u>604,451</u>	<u>604,451</u>	<u>604,451</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 579,451</u>	<u>\$ 579,451</u>	<u>\$ 822,959</u>	<u>\$ 243,508</u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2011*

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents with Fiscal Agent	<u>\$ 985,621</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>23,330</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 962,291</u></u>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 800,854
<b>Operating Expenses</b>	
Claims	539,192
Purchased Services	257,576
<i>Total Operating Expenses</i>	796,768
<i>Operating Income</i>	4,086
<b>Non-Operating Revenue</b>	
Interest	21,835
<i>Change in Net Assets</i>	25,921
<i>Net Assets Beginning of Year</i>	936,370
<i>Net Assets End of Year</i>	\$ 962,291

See accompanying notes to the basic financial statements.

Ashland County - West Holmes Joint Vocational School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2011

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	Governmental Activities - Internal Service Fund
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows From Operating Activities</b>	
Cash Received from Charges for Services	\$ 800,854
Cash Paid for Services	(257,576)
Cash Paid for Claims	(584,986)
	<hr/>
<i>Net Cash Used for Operating Activities</i>	(41,708)
	<hr/>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	21,835
	<hr/>
<i>Net Decrease in Cash and Cash Equivalents</i>	(19,873)
<i>Cash and Cash Equivalents Beginning of Year</i>	1,005,494
	<hr/>
<i>Cash and Cash Equivalents End of Year</i>	\$ 985,621
	<hr/> <hr/>
<b>Reconciliation of Operating Income to Net Cash Used for Operating Activities</b>	
Operating Income	\$ 4,086
Adjustments:	
Decrease in Claims Payable	(45,794)
	<hr/>
<i>Net Cash Used for Operating Activities</i>	\$ (41,708)
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

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	Private Purpose Trust	Agency
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 31,020	\$ 36,000
Accounts Receivable	0	182
Intergovernmental Receivable	<u>0</u>	<u>10,374</u>
<i>Total Assets</i>	<u>31,020</u>	<u>\$ 46,556</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$ 46,556</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$ 31,020</u>	

See accompanying notes to the basic financial statements.

**Ashland County - West Holmes Joint Vocational School District**

*Statement of Changes in Fiduciary Net Assets*

*Fiduciary Funds*

*For the Fiscal Year Ended June 30, 2011*

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	Private Purpose Trust
	<u>Scholarship</u>
<b>Additions</b>	
Gifts and Contributions	\$ 1,350
Interest	<u>34</u>
<i>Total Additions</i>	<u>1,384</u>
<b>Deductions</b>	
Scholarships Awarded	<u>1,660</u>
<i>Change in Net Assets</i>	(276)
<i>Net Assets Beginning of Year (Restated, See Note 3)</i>	<u>31,296</u>
<i>Net Assets End of Year</i>	<u><u>\$ 31,020</u></u>

See accompanying notes to the basic financial statements.

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## Ashland County-West Holmes Joint Vocational School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 1 – Description of the School District and Reporting Entity**

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the “School District”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member school districts. The School District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership as of October 1, 2010 was 340. The School District employs 71 certificated and 37 non-certificated employees.

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

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

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 provides 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. The School District does not have any component units.

The School District is associated with the Tri-County Computer Services Association (TCCSA) which is defined as a jointly governed organization. This organization is presented in Note 15 to the basic financial statements. The School District also participates in a claims servicing pool, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan, which is presented in Note 16.

### **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) 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 on or before November 30, 1989, to its governmental activities and its internal service funds provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District’s accounting policies.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity 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 fund financial statements is on major funds. Each major fund is presented in a separate column. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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. The funds of the School District are divided into three categories: governmental, proprietary, and fiduciary.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 balances. The following are the School District's major governmental funds:

**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.

**Permanent Improvement Fund** - The permanent improvement capital projects fund receives property taxes for acquisition, construction or improvement of capital facilities and purchase textbooks and other instructional materials.

**Adult Education Fund** - The adult education special revenue fund accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursements from the State Department of Education. Expenditures include supplies, salaries and textbooks.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

**Proprietary Fund** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; the School District has no enterprise funds. The following is a description of the School District's internal service fund:

**Internal Service Fund** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical benefits.

**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. The School District's trust funds are private purpose trusts which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund accounts for student activities.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***C. Measurement Focus***

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

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present 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 internal service fund.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

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

***Revenues – Exchange and Non-Exchange Transactions*** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or 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.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 9.) 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 non-exchange transactions must also be available before it can be recognized.

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

***Deferred Revenue*** - 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue.

***Expenses/Expenditures*** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require resolution of the Board of Education. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, excluding the internal service fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2011, investments were limited to STAROhio, a repurchase agreement and a money market account.

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

STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 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, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,218, which includes \$3,582 assigned from other School District funds.

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District’s central bank account. The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

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

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***H. Capital Assets***

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 10 years
Buildings and Building Improvements	10 - 50 years
Infrastructure	50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 20 years

***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 activities column of the statement of net assets.

***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 District's past experience of making termination payments.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

***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 and accrued liabilities from internal service 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, 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. Loans and bonds are recognized as a liability on the fund financial statements when due.

***L. Interfund Activity***

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

***M. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities and grants. At June 30, 2011, none of the School District's net assets were 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.

***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

***Q. 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.

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

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 59, "*Financial Instruments Omnibus*."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2011

**Note 3 - Restatement of Fund Balances and Net Assets**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54. These fund reclassifications had the following effect on the School District's governmental fund balances as previously reported:

	<u>General</u>	<u>Other Governmental</u>
Fund Balance Previously Reported at June 30, 2010	\$ 4,079,102	\$ 93,535
Fund Reclassification:		
Staman Trust Fund	1,816	(1,816)
Uniform School Supplies	11,537	(11,537)
Public School Support	11,236	(11,236)
Termination Benefits	85,318	(85,318)
Private Purpose Trust Funds	0	(2,519)
Restated Fund Balance(Deficit) at July 1, 2010	<u>\$ 4,189,009</u>	<u>\$ (18,891)</u>

The fund reclassifications had the following effect on the School District's net assets as previously reported:

	<u>Governmental Activities</u>	<u>Private Purpose Trust Funds</u>
Net Assets, Previously Reported at June 30, 2010	\$ 9,656,467	\$ 28,777
Fund Reclassification:		
Private Purpose Trust Funds	(2,519)	2,519
Restated Net Assets at July 1, 2010	<u>\$ 9,653,948</u>	<u>\$ 31,296</u>

**Note 4 – Fund Deficits**

GAAP basis fund balances at June 30, 2011 included the following individual fund deficits:

	<u>Deficit</u>
<b><i>Nonmajor Special Revenue Funds:</i></b>	
Educational Management Information System	\$ 108
Miscellaneous State Grants	45,930
Adult Basic Literacy	7,090
Vocational Education Planning Development	12,157
Title II	867

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

**Note 5 - 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 on the budgetary basis for the general fund and the adult education fund. The major differences between the budget basis and GAAP basis are:

- 1) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures (budget basis) rather than as assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as accounts payable (GAAP basis).
- 4) Advances-in and advances out are operating transactions (budget) as opposed to balance sheet transactions.
- 5) Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the adult education fund:

<b>Net Change in Fund Balance</b>	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$ 409,764	\$ 181,514
Net Adjustments for Revenue Accruals	(276,358)	(2,991)
Advances In	20,000	50,450
Net Adjustment for Expenditure Accruals	(42,905)	(10,465)
Advances Out	(96,372)	0
Funds Budgeted Elsewhere*	(16,321)	0
	<u>(2,192)</u>	<u>218,508</u>
Budgetary Basis	<u>\$ (2,192)</u>	<u>\$ 218,508</u>

\* As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definition,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes Staman trust fund, uniform school supplies, public school support and termination benefits funds.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 6 – 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 including passbook accounts.

Protection of the 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 uninsured public monies deposited with the institution.

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

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

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 6 – Deposits and Investments (Continued)**

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.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2011, the School District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was \$1,506,219. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2011, \$281,254 of the School District's bank balance of \$1,610,102 was exposed to custodial risk as discussed above and \$1,328,848 of the bank balance was covered by the Federal Deposit Insurance Corporation.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2011

**Note 6 – Deposits and Investments (Continued)**

***Funds Held by Fiscal Agent***

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$985,621. All benefit deposits are made to the consortium’s depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

***Investments***

As of June 30, 2011, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity 3 Months or Less</u>
STAROhio	\$ 2,441,078	\$ 2,441,078
Repurchase Agreements	1,320,316	1,320,316
Total	\$ 3,761,394	\$ 3,761,394

***Interest Rate Risk.*** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to five years or less.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the 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 investment in repurchase agreements is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by two percent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

***Credit Risk.*** The School District’s investments in the federal agency securities that underlie the District’s repurchase agreements were rated Aaa by Moody’s Investor Services. STAROhio has been given an AAAM rating by Standard & Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 6 – Deposits and Investments (Continued)**

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 2,441,078	64.90%
Repurchase Agreements	<u>1,320,316</u>	<u>35.10%</u>
Total	<u>\$ 3,761,394</u>	<u>100.00%</u>

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**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2011

**Note 7 – Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions/ Adjustments	Balance June 30, 2011
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Construction in Progress	47,438	453,099	(500,537)	0
<i>Total Capital Assets not being depreciated</i>	97,438	453,099	(500,537)	50,000
<i>Capital Assets being depreciated</i>				
Land Improvements	149,951	13,150	(13,150)	149,951
Buildings and Building Improvements	8,315,604	154,164	13,150	8,482,918
Infrastructure	51,056	0	0	51,056
Furniture and Equipment	2,021,082	562,461	(13,467)	2,570,076
Vehicles	12,825	20,706	(6,000)	27,531
<i>Total Capital Assets being depreciated</i>	10,550,518	750,481	(19,467)	11,281,532
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(131,817)	(700)	0	(132,517)
Buildings and Building Improvements	(4,074,852)	(168,537)	0	(4,243,389)
Infrastructure	(38,887)	(1,021)	0	(39,908)
Furniture and Equipment	(1,596,742)	(149,385)	13,467	(1,732,660)
Vehicles	(12,825)	(1,397)	6,000	(8,222)
<i>Total Accumulated Depreciation</i>	(5,855,123)	(321,040) *	19,467	(6,156,696)
<i>Total Capital Assets being depreciated, net</i>	4,695,395	429,441	0	5,124,836
<i>Governmental Activities Capital Assets, Net</i>	\$ 4,792,833	\$ 882,540	\$ (500,537)	\$ 5,174,836

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 41,852
Special	1,717
Vocational	221,447
Adult/Continuing	10,807
Support Services:	
Administration	7,493
Fiscal	291
Operation and Maintenance of Plant	31,584
Pupil Transportation	700
Food Service Operations	5,149
<i>Total Depreciation Expense</i>	\$ 321,040

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2011

**Note 8 - Long-Term Obligations**

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

	Outstanding July 1, 2010	Additions	Reductions	Outstanding June 30, 2011	Due Within One Year
OWDA Loan, 2% interest rate, due 7/01/2012	\$ 66,223	\$ 0	\$ (32,782)	\$ 33,441	\$ 33,441
HB264, Energy Conservation Improvement Bond, 4% interest rate, due 7/15/2020	393,173	0	(31,691)	361,482	32,978
Automotive Technology Equipment Bond, 3.5% interest rate, due 7/15/2010	8,679	0	(8,679)	0	0
HB264, Energy Conservation Improvement Bond, 4.67% interest rate, due 7/1/2020	551,666	0	(43,884)	507,782	45,975
Compensated Absences	311,551	74,116	(41,218)	344,449	0
<b>Total</b>	<u>\$ 1,331,292</u>	<u>\$ 74,116</u>	<u>\$ (158,254)</u>	<u>\$ 1,247,154</u>	<u>\$ 112,394</u>

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. Payments will be made semi-annually through 2012.

On July 15, 2005, the School District issued \$160,000 of general obligation bonds for the purpose of acquiring and installing equipment to be used in the automotive technology program. The bonds were paid off during fiscal year ending June 30, 2011.

On July 15, 2005, the School District issued \$527,619 of general obligation bonds for the purpose of acquiring and installing energy conservation improvements. The bonds mature on July 15, 2020 and carry an interest rate of 4 percent.

On August 1, 2007, the School District issued \$668,781 of general obligation bonds for the purpose of additional energy conservation improvements. The bonds mature on July 1, 2020 and carry an interest rate of 4.67 percent.

The loans and bonds will be repaid with tax revenue from the permanent improvement fund. Compensated absences will be paid from the adult education fund for employees whose salaries are paid from that fund. All other severance payments are paid from the termination benefits fund. In the event the food service fund has funds available, severance payments are made from that fund, otherwise, they are paid from the termination benefits fund. Accrued vacation leave will be paid from the fund from which the employee wages are paid.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

**Note 8 - Long-Term Obligations (Continued)**

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2011, are as follows:

Year Ending, June 30,	Bonds		OWDA Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 78,953	\$ 36,713	\$ 33,441	\$ 502	\$ 112,394	\$ 37,215
2013	82,486	33,180	0	0	82,486	33,180
2014	86,177	29,488	0	0	86,177	29,488
2015	90,035	24,441	0	0	90,035	24,441
2016	94,066	21,599	0	0	94,066	21,599
2017-2021	437,547	42,457	0	0	437,547	42,457
	<u>\$ 869,264</u>	<u>\$ 187,878</u>	<u>\$ 33,441</u>	<u>\$ 502</u>	<u>\$ 902,705</u>	<u>\$ 188,380</u>

**Note 9 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are payable annually or semi-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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 become a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 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 2011 were levied after October 1, 2010, on the value as of December 31, 2010. 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 School District prior to June 30.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

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**Note 9 - Property Taxes (Continued)**

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 was 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 replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011 are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding, real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$809,325 in the general fund and \$127,097 in the permanent improvement fund. The amount available as an advance at June 30, 2010 was \$535,396 in the general fund and \$84,212 in the permanent improvement fund.

On an 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.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,266,478,120	78.61%	\$ 1,029,994,980	78.49%
Commercial Industrial	237,201,060	14.73%	196,483,400	14.97%
Public Utility	124,150	0.01%	81,980	0.01%
Tangible Personal Property	107,061,827	6.65%	85,683,660	6.53%
Total Assessed Value	<u>\$ 1,610,865,157</u>	<u>100.00%</u>	<u>\$ 1,312,244,020</u>	<u>100.00%</u>

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 10 – Defined Benefit Pension Plans**

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$107,248, \$111,959 and \$86,334, respectively. The School District has contributed 90 percent for fiscal year 2011 and 100 percent for 2010 and 2009.

***B. State Teachers Retirement System of Ohio***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple employer public employee retirement plan. 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 (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 10 – Defined Benefit Pension Plans (Continued)**

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$442,105, \$440,703 and \$423,322, respectively. The School District has contributed 100 percent for each fiscal year. Contributions to the DC and Combined Plans for fiscal year 2011 were \$12,981 made by the School District and \$9,272 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 11 - Postemployment Benefits**

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

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes 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 both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

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**Note 11 - Postemployment Benefits (Continued)**

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$25,628, \$19,672 and \$55,152, respectively. The School District has contributed 90 percent for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$6,902, \$6,658 and \$7,123, respectively. The School District has contributed 90 percent for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

***B. State Teachers Retirement System of Ohio***

Plan Description – 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.

Funding Policy – Ohio law authorizes 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 monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$34,008, \$33,900 and \$32,563, respectively. The School District has contributed 100 percent for all three fiscal years.

**Note 12 - Interfund Activity**

***A. Interfund Balances***

Interfund balances at June 30, 2011 consist of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 96,372	\$ 0
Miscellaneous State Grants (other governmental)	0	96,372
Total	<u>\$ 96,372</u>	<u>\$ 96,372</u>

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

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**Note 12 - Interfund Activity (Continued)**

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid in fiscal year 2012 once the anticipated revenues are received.

There is an amount due to other funds in the amount of \$1,449, which is a fiscal agent fee for the Ohio Skills Bank Grant owed to the general fund from the miscellaneous state grants fund at June 30, 2011.

***B. Interfund Transfers***

During the fiscal year, the general fund transferred \$20,000 to the food service fund to provide additional resources for current operations.

**Note 13 – 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 fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2010	\$ 0	\$ 0
Current Year Set Aside Requirement	52,231	52,231
Current Year Offsets	<u>(188,810)</u>	<u>(188,810)</u>
Totals	<u>\$ (136,579)</u>	<u>\$ (136,579)</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$ 0</u>	<u>\$ 0</u>
Set Aside Reserve Balance June 30, 2012	<u>\$ 0</u>	<u>\$ 0</u>

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 13 – Set-Asides (Continued)**

The School District had offsets during the fiscal year that reduced the textbook and capital acquisition set-aside amounts below zero. These amounts may not be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the two set-asides at the end of the fiscal year was \$-0-.

Effective July 1, 2011, textbook set aside laws have been repealed. Effective April 10, 2001, Senate Bill 345, eliminated the requirement for school districts to establish and maintain a budget stabilization reserve. The School District has elected to maintain \$72,189 in its budget stabilization reserve until a future determination of the use of the fund can be made. This amount is represented in the General Fund as “unassigned fund balance.”

**Note 14 - Risk Management**

***A. General Insurance***

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 has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The School District’s comprehensive property and casualty policy aggregate limit is approximately \$25,404,000. The School District’s vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible for automobiles and \$1,000 deductible for buses. All board members, administrators, and employees are covered under a School District liability policy.

Additionally, the School District carries a \$2,000,000 Educational Liability Policy. The limits of this coverage are \$1,000,000 per occurrence and \$2,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

***B. Fidelity Bond***

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

***C. Workers’ Compensation***

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2011*

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**Note 14 - Risk Management (Continued)**

***D. Employee Health Insurance***

The School District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee.

The claims liability of \$23,330 reported in the internal service fund at June 30, 2011, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2010 and 2011 are listed below:

	Balance at Beginning of Year	Claims	Payments	Balance at end of Year
2011	\$ 69,124	\$ 539,192	\$ 584,986	\$ 23,330
2010	\$ 81,262	\$ 650,615	\$ 662,753	\$ 69,124

**Note 15 - Jointly Governed Organization**

***Tri-County Computer Services Association (TCCSA)*** - The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. The Ashland County-West Holmes Joint Vocational School District paid \$22,154 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2011 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2011

**Note 16 – Claims Servicing Pool**

**Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (OME-RESA)** – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan’s business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA’s assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Ashland County-West Holmes Joint Vocational School District paid \$33,972 to OME-RESA during fiscal year 2011 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

**Note 17 - Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:					
Prepaid Items	\$ 12,007	\$ 0	\$ 510	\$ 2,000	\$ 14,517
Restricted for:					
Capital Projects	0	259,574	0	0	259,574
Other Purposes	<u>0</u>	<u>0</u>	<u>805,131</u>	<u>18,881</u>	<u>824,012</u>
Total Restricted	<u>0</u>	<u>259,574</u>	<u>805,131</u>	<u>18,881</u>	<u>1,083,586</u>
Committed for:					
Termination Payments	105,492	0	0	0	105,492
Unassigned	<u>4,481,274</u>	<u>0</u>	<u>0</u>	<u>(66,152)</u>	<u>4,415,122</u>
<b>Total Fund Balance</b>	<u>\$ 4,598,773</u>	<u>\$ 259,574</u>	<u>\$ 805,641</u>	<u>\$ (45,271)</u>	<u>\$ 5,618,717</u>

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 18 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2011.

***B. Litigation***

The School District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL  
ASHLAND COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program	2011	10.553	\$20,081		\$20,081	
National School Lunch Program	2011	10.555	58,432	\$6,114	58,432	\$6,114
Total Child Nutrition Cluster/U.S. Department of Agriculture			78,513	6,114	78,513	6,114
<b><u>U.S. SMALL BUSINESS ADMINISTRATION</u></b>						
<i>Direct Program:</i>						
Small Business Administration Grant		SBAHQ-08-1-0114	68,972		58,925	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Direct Program:</i>						
Student Financial Aid Cluster						
Federal Supplemental Educational Opportunity Grants	N/A	84.007	6,975		6,975	
Federal Family Education Loans	N/A	84.032	205,231		205,231	
Federal Pell Grant Program	N/A	84.063	437,108		437,108	
Total Student Financial Aid Cluster			649,314		649,314	
Rural Education		S358A096720	41,058		41,058	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education_State Grant Program	2011	84.002	49,660		49,660	
Vocational Education_Basic Grants to States	2011	84.048	172,795		167,032	
	2010		8,387		16,000	
	2011		47,103		47,103	
	2010		50,450			
Total Vocational Education_Basic Grants to States			278,735		230,135	
Career and Technical Education -- National Programs	2010	84.051			394	
Improving Teacher Quality State Grants	2011	84.367	2,029		2,029	
Total U.S. Department of Education			1,020,796		972,590	
<b>Totals</b>			<b>\$1,168,281</b>	<b>\$6,114</b>	<b>\$1,110,028</b>	<b>\$6,114</b>

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Ashland County-West Holmes Joint Vocational School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) which collectively comprise the District's basic financial statements and have issued our report thereon dated February 17, 2012, wherein we noted the District restated its governmental activities net assets and governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 17, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

February 17, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Ashland County-West Holmes Joint Vocational School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 17, 2012.

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



**Dave Yost**  
Auditor of State

February 17, 2012

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Student Financial Aid Cluster: CFDA # 84.007 – Federal Supplemental Educational Opportunity Grants; CFDA # 84.032 – Federal Family Education Loans; CFDA # 84.063 – Federal Pell Grant Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

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

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 20, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

February 17, 2012

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# Dave Yost • Auditor of State

ASHLAND COUNTY WEST HOLMES JVSD

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 13, 2012