

Lawrence County Joint Vocational School District
Lawrence County
Single Audit
For the Fiscal Year Ended June 30, 2011



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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Lawrence County Joint Vocational School District, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence County Joint Vocational School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 7, 2012

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Lawrence County Joint Vocational School District
Lawrence County
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For the Fiscal Year Ended June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lawrence County Joint Vocational School District, Lawrence County (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Lawrence County Joint Vocational School District, Lawrence County as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund, Adult Education Fund, Vocational Fund, and Pell Grand Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Lawrence County
Independent Auditor's Report
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 3, the School District has implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 22, 2012

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Lawrence County Joint Vocational School District, Ohio

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

The discussion and analysis of the Lawrence County Joint Vocational School District's 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 financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2011 are as follows:

- Net assets of governmental activities increased \$13,497,971.
- General revenues accounted for \$20,092,779 or 72% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$7,698,139 or 28% of total revenues of \$27,790,918.
- The School District had \$14,292,947 in expenses related to governmental activities; \$7,698,139 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$20,092,779 were adequate to provide for the rest of these programs.
- The School District was awarded \$14,336,016 and in 2011 received \$476,995 from the State of Ohio for the construction of school facilities under the Ohio School Facilities Commission program.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most

Lawrence County Joint Vocational School District, Ohio

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Unaudited*

private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major 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 multiple financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Adult Education, Vocational and the Pell Grant Special Revenue Funds, and the OSFC Project, Locally Funded Initiatives, and Permanent Improvement Capital Projects 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 fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Lawrence County Joint Vocational School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		
	2011	2010	Change
Assets			
Current and Other Assets	\$28,846,077	\$15,518,895	\$13,327,182
Capital Assets	2,993,141	2,676,821	316,320
Total Assets	<u>31,839,218</u>	<u>18,195,716</u>	<u>13,643,502</u>
Liabilities			
Long-term Liabilities	7,514,828	7,705,602	(190,774)
Other Liabilities	2,240,173	1,903,868	336,305
Total Liabilities	<u>9,755,001</u>	<u>9,609,470</u>	<u>145,531</u>
Net Assets			
Invested in Capital Assets, Net of Debt	2,712,695	2,676,821	35,874
Restricted	17,483,585	3,311,749	14,171,836
Unrestricted	<u>1,887,937</u>	<u>2,597,676</u>	<u>(709,739)</u>
Total Net Assets	<u>\$22,084,217</u>	<u>\$8,586,246</u>	<u>\$13,497,971</u>

Total assets increased \$13,643,502 due mainly to an increase in intergovernmental receivables related to the School District's participation in the Ohio School Facilities Program.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
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Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

Table 2
Changes in Net Assets

	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services	\$2,478,969	\$2,220,839	\$258,130
Operating Grants, Contributions and Interest	5,219,170	4,759,554	459,616
Total Program Revenues	<u>7,698,139</u>	<u>6,980,393</u>	<u>717,746</u>
General Revenues			
Property Taxes	1,546,577	1,524,453	22,124
Grants and Entitlements	17,968,837	3,109,261	14,859,576
Investment Earnings	277,881	339,712	(61,831)
Miscellaneous	299,484	196,747	102,737
Total General Revenues	<u>20,092,779</u>	<u>5,170,173</u>	<u>14,922,606</u>
Total Revenues	<u>27,790,918</u>	<u>12,150,566</u>	<u>15,640,352</u>
Program Expenses			
Instruction:			
Regular	190,003	163,137	26,866
Vocational	6,196,004	6,045,185	150,819
Adult/Continuing	2,351,808	2,085,270	266,538
Support Services:			
Pupils	431,589	536,205	(104,616)
Instructional Staff	107,503	265,875	(158,372)
Board of Education	63,191	47,235	15,956
Administration	1,024,201	785,680	238,521
Fiscal	438,126	593,973	(155,847)
Operation and Maintenance of Plant	820,071	842,934	(22,863)
Central	294,788	318,070	(23,282)
Operation of Non-Instructional Services:			
Food Service Operations	271,955	290,806	(18,851)
Community Services	1,575,058	1,190,292	384,766
Extracurricular Activities	41,836	44,972	(3,136)
Interest and Fiscal Charges	486,814	53,069	433,745
Total Expenses	<u>14,292,947</u>	<u>13,262,703</u>	<u>1,030,244</u>
Increase (Decrease) in Net Assets	13,497,971	(1,112,137)	14,610,108
Net Assets Beginning of Year	8,586,246	9,698,383	(1,112,137)
Net Assets End of Year	<u>\$22,084,217</u>	<u>\$8,586,246</u>	<u>\$13,497,971</u>

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. The increases in expenses are due to additional staffing based on increased enrollment and the School District's desire to meet the State's desired teacher to pupil ratio.

Lawrence County Joint Vocational School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Program Expenses				
Instruction:				
Regular	\$190,003	\$48,884	\$163,137	(\$57,849)
Vocational	6,196,004	3,780,416	6,045,185	3,703,519
Adult/Continuing	2,351,808	(426,361)	2,085,270	(298,454)
Support Services:				
Pupils	431,589	240,949	536,205	219,828
Instructional Staff	107,503	52,309	265,875	189,432
Board of Education	63,191	63,191	47,235	47,235
Administration	1,024,201	928,542	785,680	716,590
Fiscal	438,126	413,345	593,973	575,769
Operation and Maintenance of Plant	820,071	802,230	842,934	822,687
Central	294,788	242,389	318,070	277,803
Operation of Non-Instructional Services:				
Food Service Operations	271,955	1,161	290,806	19,954
Community Services	1,575,058	(33,888)	1,190,292	(5,661)
Extracurricular Activities	41,836	(5,173)	44,972	18,388
Interest and Fiscal Charges	486,814	486,814	53,069	53,069
Total	<u>\$14,292,947</u>	<u>\$6,594,808</u>	<u>\$13,262,703</u>	<u>\$6,282,310</u>

61% of vocational instruction activities are supported through taxes and other general revenues. On the other hand, adult/continuing instruction activities generated \$426,361.

The School District Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,022,128 and expenditures of \$14,747,069.

General Fund – The General Fund is the primary operating fund of the School District. At the end of 2011, unassigned fund balance was \$2,511,356, while total fund balance was \$2,626,156. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 34 percent of total General Fund expenditures, while total fund balance represents 36 percent of General Fund Expenditures. The fund balance of the School District's General Fund decreased \$365,123 during the current fiscal year. This decrease is due to increased staffing to cover increased enrollment, combined with a freeze in State funding.

Lawrence County Joint Vocational School District, Ohio

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

Other Major Governmental Funds

Adult Education Fund – The fund balance of the Adult Education Fund at June 30, 2011, is (\$87,180), a decrease of \$80,506 from the prior year. This decrease is due to decreases in State funding.

Vocational Fund – The fund balance of the Vocational Fund at June 30, 2011, is (\$28,899), a decrease of \$10,697 from the prior year. This decrease is due to a decrease in funding that was only partially offset by operating transfers from the General Fund.

Pell Grant Fund – The Pell Grant Fund does not maintain significant balances, but generated over \$1,500,000 in revenues and expenditures during fiscal year 2011.

OSFC Project Fund – The OSFC Project Fund was established during fiscal year 2010 with funds from the issuance of certificates of participation in the amount of \$5,747,770. The proceeds from the sale of the certificates will be used for the School District's share under the Ohio School Facilities Program. Activity in fiscal year 2011 has been limited to planning and design.

Locally Funded Initiatives Fund – The Locally Funded Initiatives Fund was established during fiscal year 2010 with funds from the sale of certificates of participation in the amount of \$1,565,000. The proceeds from the sale will be used for construction not covered by the Ohio School Facilities program. Activity in fiscal year 2011 has been limited to planning and design.

Permanent Improvement Fund – The fund balance of the Permanent Improvement Fund at June 30, 2011, is \$3,106,800, a decrease of \$177,845. This decrease is due mainly to conservative spending in order to keep revenues greater than expenditures. This "saving for a rainy day" will enable the School District to better afford capital improvements in the future.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the School District amended its appropriations by \$1,213,539 due to extremely conservative budgeting at the beginning of the year.

The School District's ending unobligated General Fund balance was \$2,915,841.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$2,993,141 invested in land, buildings, improvements, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2011 balances compared to 2010.

Lawrence County Joint Vocational School District, Ohio

*Management's Discussion and Analysis
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Unaudited*

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	\$174,360	\$174,360
Land Improvements	42,865	48,368
Buildings and Improvements	1,519,243	1,609,761
Furniture and Equipment	649,021	805,343
Vehicles	30,673	38,989
Construction in Progress	576,979	0
Totals	<u>\$2,993,141</u>	<u>\$2,676,821</u>

See Note 10 for more information on Capital Assets.

Debt

At June 30, 2011, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2011	2010
Certificates of Participation	\$7,082,770	\$7,312,770

See Note 15 for more information on debt.

Economic Factors

The Lawrence County Joint Vocational School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the School District's Financial Management

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

Lawrence County Joint Vocational School District, Ohio

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,164,060
Intergovernmental Receivable	13,981,536
Materials and Supplies Inventory	3,273
Property Taxes Receivable	1,587,455
Deferred Charges	109,753
Nondepreciable Capital Assets	751,339
Depreciable Capital Assets, Net	<u>2,241,802</u>
<i>Total Assets</i>	<u>31,839,218</u>
Liabilities	
Accounts Payable	79,497
Contracts Payable	70,950
Accrued Wages and Benefits Payable	463,912
Accrued Interest Payable	38,540
Vacation Benefits Payable	229,327
Deferred Revenue	1,259,483
Intergovernmental Payable	98,464
Long-Term Liabilities:	
Due within One Year	427,590
Due in More than One Year	<u>7,087,238</u>
<i>Total Liabilities</i>	<u>9,755,001</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,712,695
Restricted for:	
Capital Projects	17,399,508
Other Purposes	84,077
Unrestricted	<u>1,887,937</u>
<i>Total Net Assets</i>	<u><u>\$22,084,217</u></u>

See accompanying notes to the basic financial statements

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Lawrence County Joint Vocational School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
Governmental Activities				
Instruction:				
Regular	\$190,003	\$0	\$141,119	(\$48,884)
Vocational	6,196,004	16,408	2,399,180	(3,780,416)
Adult/Continuing	2,351,808	2,284,571	493,598	426,361
Support Services:				
Pupils	431,589	0	190,640	(240,949)
Instructional Staff	107,503	0	55,194	(52,309)
Board of Education	63,191	0	0	(63,191)
Administration	1,024,201	0	95,659	(928,542)
Fiscal	438,126	0	24,781	(413,345)
Operation and Maintenance of Plant	820,071	0	17,841	(802,230)
Central	294,788	0	52,399	(242,389)
Operation of Non-Instructional Services:				
Food Service Operations	271,955	130,981	139,813	(1,161)
Community Services	1,575,058	0	1,608,946	33,888
Extracurricular Activities	41,836	47,009	0	5,173
Interest and Fiscal Charges	486,814	0	0	(486,814)
<i>Totals</i>	<u>\$14,292,947</u>	<u>\$2,478,969</u>	<u>\$5,219,170</u>	<u>(6,594,808)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,544,314
Capital Outlay				2,263
Grants and Entitlements not Restricted to Specific Programs				17,968,837
Interest				277,881
Miscellaneous				299,484
<i>Total General Revenues</i>				<u>20,092,779</u>
<i>Change in Net Assets</i>				13,497,971
<i>Net Assets Beginning of Year</i>				<u>8,586,246</u>
<i>Net Assets End of Year</i>				<u>\$22,084,217</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2011*

	General	Adult Education	Vocational
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,783,702	\$6,005	\$0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	49,037	0	0
Receivables:			
Property Taxes	1,587,455	0	0
Intergovernmental	0	66,176	0
Interfund	147,624	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$4,567,818</u>	<u>\$72,181</u>	<u>\$0</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$34,807	\$21,841	\$0
Contracts Payable	0	0	0
Accrued Wages and Benefits Payable	387,507	27,133	27,370
Interfund Payable	0	0	0
Deferred Revenue	1,472,178	66,176	0
Intergovernmental Payable	47,170	44,211	1,529
<i>Total Liabilities</i>	<u>1,941,662</u>	<u>159,361</u>	<u>28,899</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	49,037	0	0
Committed	33,429	0	0
Assigned	32,334	0	0
Unassigned	2,511,356	(87,180)	(28,899)
<i>Total Fund Balances (Deficits)</i>	<u>2,626,156</u>	<u>(87,180)</u>	<u>(28,899)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,567,818</u>	<u>\$72,181</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

<u>Pell Grant</u>	<u>OSFC Project</u>	<u>Locally Funded Initiatives</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$55,964	\$5,655,351	\$1,493,723	\$3,114,291	\$5,987	\$13,115,023
0	0	0	0	0	49,037
0	0	0	0	0	1,587,455
0	13,859,021	0	0	56,339	13,981,536
0	0	0	0	0	147,624
0	0	0	0	3,273	3,273
<u>\$55,964</u>	<u>\$19,514,372</u>	<u>\$1,493,723</u>	<u>\$3,114,291</u>	<u>\$65,599</u>	<u>\$28,883,948</u>
\$0	\$903	\$0	\$7,491	\$14,455	\$79,497
0	70,950	0	0	0	70,950
0	0	0	0	21,902	463,912
36,663	0	0	0	110,961	147,624
0	13,859,021	0	0	0	15,397,375
0	0	0	0	5,554	98,464
<u>36,663</u>	<u>13,930,874</u>	<u>0</u>	<u>7,491</u>	<u>152,872</u>	<u>16,257,822</u>
0	0	0	0	3,273	3,273
19,301	5,583,498	1,493,723	3,106,800	30,015	10,282,374
0	0	0	0	0	33,429
0	0	0	0	0	32,334
0	0	0	0	(120,561)	2,274,716
<u>19,301</u>	<u>5,583,498</u>	<u>1,493,723</u>	<u>3,106,800</u>	<u>(87,273)</u>	<u>12,626,126</u>
<u>\$55,964</u>	<u>\$19,514,372</u>	<u>\$1,493,723</u>	<u>\$3,114,291</u>	<u>\$65,599</u>	<u>\$28,883,948</u>

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Lawrence County Joint Vocational School District, Ohio

Reconciliation of Total Governmental Fund Balances to

Net Assets of Governmental Activities

June 30, 2011

Total Governmental Fund Balances			\$12,626,126
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,993,141
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Property Taxes		212,695	
Grants		<u>13,925,197</u>	14,137,892
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.			(229,327)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.			109,753
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.			(38,540)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Certificates of Participation		(7,082,770)	
Sick Leave Benefits Payable		<u>(432,058)</u>	<u>(7,514,828)</u>
Net Assets of Governmental Activities			<u><u>\$22,084,217</u></u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Adult Education
Revenues		
Property Taxes	\$1,533,457	\$0
Intergovernmental	5,306,687	738,157
Interest	0	0
Tuition and Fees	16,408	2,282,261
Charges for Services	47,009	2,310
Miscellaneous	211,951	68,734
<i>Total Revenues</i>	<u>7,115,512</u>	<u>3,091,462</u>
Expenditures		
Current:		
Instruction:		
Regular	540	0
Vocational	5,332,554	29,310
Adult/Continuing	0	2,318,299
Support Services:		
Pupils	163,254	77
Instructional Staff	50,722	200
Board of Education	61,160	0
Administration	587,502	384,634
Fiscal	307,603	117,183
Operation and Maintenance of Plant	706,080	84,364
Central	42,520	242,584
Operation of Non-Instructional Services:		
Food Service Operations	0	0
Community Services	0	0
Extracurricular Activities	41,836	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
<i>Total Expenditures</i>	<u>7,293,771</u>	<u>3,176,651</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(178,259)</u>	<u>(85,189)</u>
Other Financing Sources (Uses)		
Transfers In	0	4,683
Transfers Out	(186,864)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(186,864)</u>	<u>4,683</u>
<i>Net Change in Fund Balance</i>	(365,123)	(80,506)
<i>Fund Balances (Deficits) Beginning of Year - Restated (See Note 3)</i>	<u>2,991,279</u>	<u>(6,674)</u>
<i>Fund Balances(Deficits) End of Year</i>	<u>\$2,626,156</u>	<u>(\$87,180)</u>

See accompanying notes to the basic financial statements

Vocational	Pell Grant	OSFC Project	Locally Funded Initiatives	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$0	\$0	\$2,263	\$0	\$1,535,720
529,632	1,602,529	476,995	0	0	776,074	9,430,074
0	0	0	0	277,881	0	277,881
0	0	0	0	0	0	2,298,669
0	0	0	0	0	130,981	180,300
0	0	0	0	0	18,799	299,484
529,632	1,602,529	476,995	0	280,144	925,854	14,022,128
0	0	0	0	0	185,128	185,668
422,026	0	0	0	42,019	116,059	5,941,968
0	0	0	0	0	10,349	2,328,648
259,404	0	0	0	0	0	422,735
0	0	0	0	0	56,581	107,503
0	0	0	0	0	0	61,160
0	0	0	0	764	26,832	999,732
0	0	0	0	2	0	424,788
0	0	0	0	30,838	0	821,282
0	0	0	0	0	0	285,104
0	0	0	0	0	269,440	269,440
0	1,568,805	0	0	0	6,253	1,575,058
0	0	0	0	0	0	41,836
0	0	534,714	42,265	0	0	576,979
0	0	0	0	0	230,000	230,000
0	0	0	0	0	475,168	475,168
681,430	1,568,805	534,714	42,265	73,623	1,375,810	14,747,069
(151,798)	33,724	(57,719)	(42,265)	206,521	(449,956)	(724,941)
141,101	0	0	0	0	425,446	571,230
0	0	0	0	(384,366)	0	(571,230)
141,101	0	0	0	(384,366)	425,446	0
(10,697)	33,724	(57,719)	(42,265)	(177,845)	(24,510)	(724,941)
(18,202)	(14,423)	5,641,217	1,535,988	3,284,645	(62,763)	13,351,067
(\$28,899)	\$19,301	\$5,583,498	\$1,493,723	\$3,106,800	(\$87,273)	\$12,626,126

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

Net Change in Fund Balances - Total Governmental Funds (\$724,941)

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

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

Capital Asset Additions	614,701	
Depreciation Expense	(298,381)	316,320

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

Grants	13,757,933	
Delinquent Taxes	10,857	13,768,790

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

230,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

Amortization of Issuance Costs	(12,906)	
Interest Payable	927	(11,979)

Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(40,993)	
Sick Leave Benefits Payable	(39,226)	(80,219)

Change in Net Assets of Governmental Activities

\$13,497,971

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

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

General Fund

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,404,237	\$1,596,492	\$1,596,492	\$0
Intergovernmental	5,287,225	5,306,687	5,306,687	0
Tuition and Fees	18,000	16,408	16,408	0
Charges for Services	19,500	47,009	47,009	0
Miscellaneous	135,000	211,951	211,951	0
<i>Total Revenues</i>	<u>6,863,962</u>	<u>7,178,547</u>	<u>7,178,547</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	0	540	540	0
Vocational	4,656,487	5,312,641	5,312,641	0
Support Services:				
Pupils	82,327	159,967	159,967	0
Instructional Staff	150,467	141,870	141,870	0
Board of Education	40,250	50,310	50,310	0
Administration	747,071	571,573	571,573	0
Fiscal	363,322	303,027	303,027	0
Operation and Maintenance of Plant	225,671	711,813	711,813	0
Central	34,433	41,743	41,743	0
Extracurricular Activities	8,617	41,836	41,836	0
<i>Total Expenditures</i>	<u>6,308,645</u>	<u>7,335,320</u>	<u>7,335,320</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>555,317</u>	<u>(156,773)</u>	<u>(156,773)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	50,000	0	0	0
Transfers Out	0	(186,864)	(186,864)	0
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>(186,864)</u>	<u>(186,864)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	605,317	(343,637)	(343,637)	0
<i>Fund Balance Beginning of Year</i>	2,856,557	2,856,557	2,856,557	0
Prior Year Encumbrances Appropriated	402,921	402,921	402,921	0
<i>Fund Balance End of Year</i>	<u>\$3,864,795</u>	<u>\$2,915,841</u>	<u>\$2,915,841</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

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

Adult Education Fund

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$534,420	\$738,157	\$738,157	\$0
Tuition and Fees	1,562,176	2,282,261	2,282,261	0
Charges for Services	0	2,310	2,310	0
Miscellaneous	26,449	68,734	68,734	0
<i>Total Revenues</i>	<u>2,123,045</u>	<u>3,091,462</u>	<u>3,091,462</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Vocational	26,950	29,310	29,310	0
Adult/Continuing	2,082,585	2,287,488	2,287,488	0
Support Services:				
Pupils	0	77	77	0
Instructional Staff	0	200	200	0
Administration	484,530	379,625	379,625	0
Fiscal	102,522	114,770	114,770	0
Operation and Maintenance of Plant	29,273	79,638	79,638	0
Central	127,772	238,334	238,334	0
<i>Total Expenditures</i>	<u>2,853,632</u>	<u>3,129,442</u>	<u>3,129,442</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(730,587)	(37,980)	(37,980)	0
Other Financing Uses				
Transfers In	0	4,683	4,683	0
<i>Net Change in Fund Balance</i>	(730,587)	(33,297)	(33,297)	0
<i>Fund Balance Beginning of Year</i>	(55,463)	(55,463)	(55,463)	0
Prior Year Encumbrances Appropriated	94,765	94,765	94,765	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$691,285)</u>	<u>\$6,005</u>	<u>\$6,005</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

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

Vocational Fund

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$574,000	\$529,632	\$529,632	\$0
Expenditures				
Current:				
Instruction:				
Vocational	256,000	419,410	419,410	0
Support Services:				
Pupils	318,000	251,323	251,323	0
<i>Total Expenditures</i>	<u>574,000</u>	<u>670,733</u>	<u>670,733</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	0	(141,101)	(141,101)	0
Other Financing Uses				
Transfers In	0	141,101	141,101	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

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

Pell Grant Fund

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$1,602,529	\$1,602,529	\$0
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Community Services	39,770	1,568,805	1,568,805	0
<i>Total Expenditures</i>	39,770	1,568,805	1,568,805	0
<i>Excess of Revenues Under Expenditures</i>	(39,770)	33,724	33,724	0
Other Financing Uses				
Transfers Out	0	0	0	0
<i>Net Change in Fund Balance</i>	(39,770)	33,724	33,724	0
<i>Fund Balance Beginning of Year</i>	(17,532)	(17,532)	(17,532)	0
Prior Year Encumbrances Appropriated	39,770	39,770	39,770	0
<i>Fund Balance End of Year</i>	<u>(\$17,532)</u>	<u>\$55,962</u>	<u>\$55,962</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$14,707</u></u>
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Liabilities

Undistributed Monies	<u><u>\$14,707</u></u>
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See accompanying notes to the basic financial statements

Lawrence County Joint Vocational School District, Ohio

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

Note 1 - Description of the School District and Reporting Entity

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

The School District is staffed by 37 classified employees, 89 certificated full-time teaching personnel, and 18 administrative employees who provide services to 535 students and other community members. The School District currently operates one instructional building.

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations and three as insurance purchasing pools. The jointly governed organizations are the South Central Ohio Computer Association and the Coalition of Rural and Appalachian Schools. The insurance purchasing pools are the Ohio School Plan, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Lawrence County Schools Insurance Purchasing Consortium. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Lawrence County Joint Vocational School District, Ohio

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Lawrence County Joint Vocational School District, Ohio

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

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

Vocational Fund The Vocational Special Revenue Fund is used to account for transactions made in connection with high school drop-out prevention/recovery and the Seniors to Sophomores grant. Receipts consist of grant proceeds. Expenditures were limited to purchased services and supplies.

Pell Grant Fund The Pell Grant Special Revenue Fund is used to administer the Pell Grant program. The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain postbaccalaureate students to promote access to postsecondary education.

Ohio School Facilities Commission (OSFC) Project Fund The OSFC Project Capital Projects Fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

Locally Funded Initiatives Fund The Locally Funded Initiatives Capital Projects Fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities that are not covered by the Ohio School Facilities Commission Project.

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

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

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

C. Measurement Focus

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

Lawrence County Joint Vocational School District, Ohio

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Lawrence County Joint Vocational School District, Ohio

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

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2011, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. The School District Board of Education has allocated interest earned on interim funds to the Permanent Improvement Fund. Interest revenue credited to the Permanent Improvement Fund during fiscal year 2011 amounted to \$277,881, including \$112,861 allocated from other funds.

F. Inventory

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

G. Capital Assets

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

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

Lawrence County Joint Vocational School District, Ohio

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Improvements	30-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the School District for capital improvements. See Note 19 for additional information regarding set-asides.

I. Compensated Absences

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

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

J. Accrued Liabilities and Long-term Obligations

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

Lawrence County Joint Vocational School District, Ohio

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

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

K. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

L. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

M. Fund Balance

Fund balance is divided into five classifications 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 classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes 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: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. 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.

Lawrence County Joint Vocational School District, Ohio

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined 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 the 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 the School District Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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 the 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 resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes.

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. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District did not report either type of transaction for the year ended June 30, 2011.

Lawrence County Joint Vocational School District, Ohio

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

P. Estimates

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

Q. Budgetary Process

All funds, other than the 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 School District Board of Education. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

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

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

R. Issuance Costs

On government-wide financial statements, issuance costs are recorded as deferred charges and amortized over the term of the related debt. On the governmental fund financial statements, issuance costs are recognized in the period in which they were incurred.

Note 3 - Change in Accounting Principles and Restatement of Fund Balance

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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

Lawrence County Joint Vocational School District, Ohio

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

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 implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

B. Restatement of Prior Year's Net Assets/Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported. As a result fund balances were restated as follows:

	General	Other Governmental Funds
Fund Balance at June 30, 2010	\$2,972,134	(\$43,618)
Change in Fund Structure	19,145	(19,145)
Adjusted Fund Balance at June 30, 2010	\$2,991,279	(\$62,763)

Note 4 – Fund Balances

Fund balance is 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 governmental funds are presented below:

Fund Balances	General	Adult Education	Vocational Fund	Pell Grant	OSFC Project	Locally Funded Initiatives	Permanent Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>									
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,273	\$3,273
<u>Restricted for:</u>									
Vocational Education	0	0	0	0	0	0	0	9,921	9,921
Adult Education	0	0	0	19,301	0	0	0	8,454	27,755
Entry Year	0	0	0	0	0	0	0	2,100	2,100
Technology Improvements	0	0	0	0	0	0	0	2,525	2,525
District Managed Activities	0	0	0	0	0	0	0	512	512
Teacher Development	0	0	0	0	0	0	0	6,503	6,503
Capital Improvements	49,037	0	0	0	5,583,498	1,493,723	3,106,800	0	10,233,058
Total Restricted	49,037	0	0	19,301	5,583,498	1,493,723	3,106,800	30,015	10,282,374
<u>Committed to:</u>									
Other Purposes	33,429	0	0	0	0	0	0	0	33,429
<u>Assigned to:</u>									
Other Purposes	32,334	0	0	0	0	0	0	0	32,334
Unassigned:	2,511,356	(87,180)	(28,899)	0	0	0	0	(120,561)	2,274,716
Total Fund Balances	\$2,626,156	(\$87,180)	(\$28,899)	\$19,301	\$5,583,498	\$1,493,723	\$3,106,800	(\$87,273)	\$12,626,126

Lawrence County Joint Vocational School District, Ohio

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

Note 5 - Accountability

Fund Deficits

The following funds had deficit fund balances as of June 30, 2011:

Fund Type/Fund	Deficit
Special Revenue:	
Food Service	\$13,318
Adult Education	87,180
Vocational Funds	28,899
Miscellaneous State Grants	4,932
Miscellaneous Federal Grants	19,209
Debt Service:	
Bond Retirement	83,102

The General Fund is liable for the deficits in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

Note 6 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund, as well as the Adult Education, Vocational, and Pell Grant Special Revenue Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund, as well as the Adult Education, Vocational, and Pell Grant Special Revenue Funds.

	Net Change in Fund Balance			
	General	Adult Education	Vocational	Pell Grant
GAAP Basis	(\$365,123)	(\$80,506)	(\$10,697)	\$33,724
Revenue Accruals	63,035	0	0	0
Expenditure Accruals	(41,549)	47,209	10,697	0
Budget Basis	<u>(\$343,637)</u>	<u>(\$33,297)</u>	<u>\$0</u>	<u>\$33,724</u>

Lawrence County Joint Vocational School District, Ohio

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

Note 7 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Lawrence County Joint Vocational School District, Ohio

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, all of the School District's bank balance of \$13,129,611 was either covered by the Federal Deposit Insurance Corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

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

Note 8 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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 established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence and Gallia Counties. The Lawrence County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real

Lawrence County Joint Vocational School District, Ohio

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

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 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 to the General Fund at June 30, 2011, was \$115,277. The amount available as an advance to the General Fund at June 30, 2010, was \$178,312.

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

The assessed values upon which the 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	\$634,054,970	80%	\$693,399,320	80%
Public Utility Personal	90,956,120	12%	101,786,520	12%
General Business Personal	59,211,860	8%	69,352,860	8%
Total	\$784,222,950	100%	\$864,538,700	100%
Tax rate per \$1,000 of assessed valuation	\$2.40		\$2.40	

Note 9 - Receivables

Receivables at June 30, 2011, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Adult	OSFC	Other
	Education	Project	Governmental Funds
Adult Education	\$66,176	\$0	\$0
Adult Basic Literacy Education	0	0	52,739
Career Development	0	0	3,600
Ohio School Facilities Program	0	13,859,021	0
Total Intergovernmental Receivable	\$66,176	\$13,859,021	\$56,339

Lawrence County Joint Vocational School District, Ohio

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

Note 10 - Capital Assets

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

	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2011</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$174,360	\$0	\$0	\$174,360
Construction in Progress	0	576,979	0	576,979
Total Capital Assets not being Depreciated	<u>174,360</u>	<u>576,979</u>	<u>0</u>	<u>751,339</u>
Depreciable Capital Assets:				
Land Improvements	655,896	0	0	655,896
Buildings and Improvements	6,482,442	6,980	0	6,489,422
Furniture and Equipment	2,323,564	30,742	0	2,354,306
Vehicles	235,913	0	0	235,913
Total Capital Assets being Depreciated	<u>9,697,815</u>	<u>37,722</u>	<u>0</u>	<u>9,735,537</u>
Less Accumulated Depreciation				
Land Improvements	(607,528)	(5,503)	0	(613,031)
Buildings and Improvements	(4,872,681)	(97,498)	0	(4,970,179)
Furniture and Equipment	(1,518,221)	(187,064)	0	(1,705,285)
Vehicles	(196,924)	(8,316)	0	(205,240)
Total Accumulated Depreciation	<u>(7,195,354)</u>	<u>(298,381) *</u>	<u>0</u>	<u>(7,493,735)</u>
Total Capital Assets being Depreciated, Net	<u>2,502,461</u>	<u>(260,659)</u>	<u>0</u>	<u>2,241,802</u>
Capital Assets, Net	<u>\$2,676,821</u>	<u>\$316,320</u>	<u>\$0</u>	<u>\$2,993,141</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,794
Vocational	245,978
Adult Education	26,842
Support Services:	
Board of Education	2,031
Administration	7,961
Fiscal	1,380
Operation and Maintenance of Plant	4,301
Central	4,491
Operation of Non-Instructional Services:	
Food Service Operations	2,603
Total Depreciation Expense	<u>\$298,381</u>

Lawrence County Joint Vocational School District, Ohio

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

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with Trident Risk Control Services for automobile and property coverage and commercial umbrella liability coverage for the period July 1, 2010 through June 30, 2011.

The types and amounts of coverage are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Damage to Rented Premises	500,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	3,000,000
Personal Injury	1,000,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Building and Business Personal Property Coverage (\$1,000 deductible)	27,423,613
Automobile Liability (\$1,000 deductible for buses; \$500 for other)	1,000,000

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

B. Worker's Compensation

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

Lawrence County Joint Vocational School District, Ohio

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

Note 12 - Employee Benefits

A. Compensated Absences

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

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

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

B. Life Insurance and Health Care Benefits

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

Health insurance is provided by Anthem Blue Cross/Blue Shield. Premiums for this coverage are \$1,580.62 for family coverage and \$639.92 for single coverage per month. The School District pays 81.9% of the family coverage premium and 95% of the single coverage premium for administrators, adult education teachers, and non-certified staff.

Vision insurance is provided by The Guardian. Premiums for this coverage are \$8.85 single and \$19.03 family coverage per month. The School District pays 100% of the premium for single plans and 47% of the premium for family plans.

Dental insurance is provided by The Guardian. Premiums for this coverage are \$21.50 single and \$74.51 family coverage per month. The School District pays 100% of the premium for single plans and 29% of the premium for family plans.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual

Lawrence County Joint Vocational School District, Ohio

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

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.

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 \$118,173, \$70,376, and \$86,824, respectively. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

B. State Teachers Retirement System

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.

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.

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.

Lawrence County Joint Vocational School District, Ohio

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

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 to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$659,579 and \$7,613 for the fiscal year ended June 30, 2011. The School District's required contribution for the DB Plan for the fiscal years ended June 30, 2010 and 2009 were \$715,719 and \$681,203, respectively. The School District's required contributions for the defined benefit portion of the Combined Plan for the fiscal years ended June 30, 2010 and 2009 are unavailable at this time. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$31,542 made by the School District and \$44,159 made by the plan members. In addition, member contributions of \$5,438 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 14 - 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.

Lawrence County Joint Vocational School District, Ohio

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

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 \$29,281, \$18,202, and \$53,144, respectively. For fiscal year 2011, 48.87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed 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 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 \$7,605, \$7,467, and \$9,093, respectively. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

B. State Teachers Retirement System

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 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 \$53,749, \$55,055, and \$52,400, respectively. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

Lawrence County Joint Vocational School District, Ohio

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

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Amounts Due in One Year
Governmental Activities					
QSCB COPs 2010 Series A - 4.90%	\$1,565,000	\$0	\$230,000	\$1,335,000	\$385,000
QSCB COPs 2010 Series B - 7.02%	5,747,770	0	0	5,747,770	0
Sick Leave Benefits	392,832	63,902	24,676	432,058	42,590
Total Governmental Activities					
Long-Term Liabilities	<u>\$7,705,602</u>	<u>\$63,902</u>	<u>\$254,676</u>	<u>\$7,514,828</u>	<u>\$427,590</u>

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

2010 Certificates of Participation - On May 27, 2010, the School District issued \$7,312,770 in Qualified School Construction Bonds Certificates of Participation (QSCB COPs), for use in upgrading existing facilities. The issuance included the local share of the Ohio School Facilities Vocational Facilities Assistance Program, as well as locally funded initiatives associated with this program. A summary of the COPs is as follows:

Series A - \$1,565,000 COPs issued for use in upgrading existing facilities, as the locally funded initiative portion of the Ohio School Facilities Vocational Facilities Assistance Program. This portion of the debt included issuance costs of \$30,012, which will be amortized over the life of the Series A COPs. The Series A COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code, and have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to PS & W Holding Company, Inc., and then subleased back to the School District. The Series A COPs were issued through a series of annual leases with an initial lease term of one month which includes the right to renew for sixteen successive one-year terms through June 30, 2026, subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments for a period of five years, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.90%.

Series B - \$5,747,770 COPs issued for use in upgrading existing facilities, as the local portion of the Ohio School Facilities Vocational Facilities Assistance Program. This portion of the debt included issuance costs of \$106,553, which will be amortized over the life of the Series B COPs. The Series B COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to PS & W Holding Company, Inc., and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of one month which includes the right to renew for sixteen successive one-year terms through June 30, 2026, subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments for a period of sixteen years, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 7.02%. As part of the ARRA act of 2009, issuers of QSCBs are eligible to receive direct payments from the federal government which offset interest payments on the bonds. As an alternate, QSCBs may be issued as tax credit bonds under which bond holders receive federal tax credits

Lawrence County Joint Vocational School District, Ohio

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

in lieu of interest as a means to significantly reduce the issuer’s interest cost. The School District, under agreement with the federal government, has chosen to receive a thirty-five percent semi-annual direct payment from the federal government to help offset interest expense on the Series B QSCB COPs.

The School District has the option to purchase the Project Facilities on any Lease Payment Date by paying the amount necessary to defease the Indenture.

Annual base rent requirements to retire certificates of participation outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30	Series A Principal	Series A Interest	Series B Principal	Series B Interest	Series B ARRA Subsidy	Total
2012	\$385,000	\$55,982	\$0	\$403,493	(\$317,277)	\$527,198
2013	405,000	36,628	0	403,493	(317,277)	527,844
2014	425,000	16,292	0	403,493	(317,277)	527,508
2015	120,000	2,940	327,770	391,989	(308,230)	534,469
2016	0	0	455,000	364,514	(286,626)	532,888
2017-2021	0	0	2,390,000	1,327,833	(1,044,108)	2,673,725
2022-2026	0	0	2,575,000	457,528	(359,766)	2,672,762
Total	<u>\$1,335,000</u>	<u>\$111,842</u>	<u>\$5,747,770</u>	<u>\$3,752,343</u>	<u>(\$2,950,561)</u>	<u>\$7,996,394</u>

The overall debt margin of the School District as of June 30, 2011, was \$77,808,483, with an unvoted debt margin of \$864,539.

Note 16 - Transfers and Interfund Balances

Interfund receivables and payables at June 30, 2011, consist of the following individual balances, representing monies advanced to funds to be repaid when grant funds or other program revenues are received, and for services rendered by one fund for another:

	Interfund Receivable	Interfund Payable
General Fund	\$147,624	\$0
Pell Grant	0	36,663
Other Governmental Funds		
ABLE	0	8,348
Career Development	0	305
Miscellaneous Federal Grants	0	19,206
Bond Retirement Fund		83,102
Total Other Governmental Funds	0	110,961
Total All Funds	<u>\$147,624</u>	<u>\$147,624</u>

During fiscal year 2011, the General Fund transferred \$4,683 to the Adult Education Special Revenue fund, and \$141,101 to the Vocational Special Revenue Fund, as well as \$41,080 to other non-major governmental funds to subsidize various programs in those funds. Also during fiscal year 2011, the Permanent Improvement Capital Project Fund transferred \$384,366 to the Bond Retirement Fund for current debt payments.

Lawrence County Joint Vocational School District, Ohio

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

Note 17 - Jointly Governed Organizations

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Gallia, Vinton, Highland, Adams, Pike, Scioto, Brown, Pickaway, Jackson, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eleven participating counties and one representative from the fiscal agent. Revenues are generated from an annual fee of \$2.00 per student to participating districts, State funding, and charges for additional services to participating districts. Lawrence County Joint Vocational School District paid \$70,816 for services provided during fiscal year 2011. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2011. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 18 - Insurance Purchasing Pools

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

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

Lawrence County Joint Vocational School District, Ohio

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

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

Note 19 - Set Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization. Effective July 1, 2011, the Textbooks and Other Instructional Materials Set-Aside will no longer be required.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Balance as of as of June 30, 2010	\$0	\$0
Current Year Set-Aside Requirement	110,051	110,051
Prior Year's Carry Over	(1,870,480)	0
Qualifying Disbursements	(262,669)	(61,014)
Totals	<u>(\$2,023,098)</u>	<u>\$49,037</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$2,023,098)</u>	<u>\$49,037</u>
Set-Aside Balance as of June 30, 2011	<u>\$0</u>	<u>\$49,037</u>

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

Lawrence County Joint Vocational School District, Ohio

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

Note 20 - Contingencies

A. Grants

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

B. Litigation

The School District is currently party to legal proceedings. However, it is the opinion of management that such proceedings will not have a material adverse effect, if any, on the School District's overall financial position.

Note 21 – Compliance

Contrary to Ohio Revised Code Section 5705.39, the School District had appropriations in excess of estimated resources in two funds.

Lawrence County Joint Vocational School District
Lawrence County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$34,350	\$0	\$34,350	\$0
National School Lunch Program	3L60	10.555	95,251	522	95,251	522
Total Child Nutrition Cluster			129,601	522	129,601	522
Total United States Department of Agriculture			129,601	522	129,601	522
United States Department of Education						
<i>Direct from the Federal Agency</i>						
Student Financial Aid Cluster:						
Federal Direct Student Loans	N	84.268	0	1,549,495	0	1,549,495
Federal Pell Grant Program	N	84.063	1,572,593	0	1,572,593	0
Total Student Financial Aid Cluster			1,572,593	1,549,495	1,572,593	1,549,495
Rural Education	N	84.358	54,146	0	54,146	0
<i>Passed through the Ohio Department of Education</i>						
Career and Technical Education-Basic Grants to States	3L90	84.048	529,632	0	498,265	0
Safe and Drug-Free Schools and Communities-State Grants	3D10	84.186	0	0	2,842	0
Adult Education-Basic Grants to States	3I20	84.002	165,138	0	197,075	0
Improving Teacher Quality State Grants	3Y60	84.367	4,752	0	7,996	0
Total United States Department of Education			2,326,261	1,549,495	2,332,917	1,549,495
Total Federal Financial Assistance			\$2,455,862	\$1,550,017	\$2,462,518	\$1,550,017

N - direct assistance from the federal government

See accompanying notes to the schedule of federal awards expenditures.

Lawrence County Joint Vocational School District
Lawrence County
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2011

Note 1 – Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

Note 2 – Guaranteed Student Loans

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence County Joint Vocational School District, Lawrence County (the School District) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 22, 2012, wherein we noted the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. These items are identified as findings 2011-1 and 2011-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Lawrence County Joint Vocational School District
Lawrence County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-3.

We noted certain matters that we reported to management of the School District in a separate letter dated August 22, 2012.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Education, others within the School District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 22, 2012

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited Lawrence County Joint Vocational School District's, Lawrence County (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-4.

Internal Control Over Compliance

Management of the School District 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 School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 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 certain matter that we reported to management of the School District in a separate letter dated August 22, 2012.

This report is intended solely for the information and use of management, the Board of Education, others within the School District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 22, 2012

Lawrence County Joint Vocational School District
Lawrence County
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unqualified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?		Yes
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		Yes
Identification of major program(s):		Student Financial Aid Cluster: Federal Direct Student Loans (CFDA #84.268) and Federal Pell Grant Program (CFDA #84.063) Career and Technical Education-Basic Grants to States (CFDA #84.048)
Dollar threshold used to distinguish between type A and type B programs:		\$300,000
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2011-1 – Significant Deficiency – Bank Reconciliations

Accurate reconciliations of bank accounts to the School District’s accounting records are a basic and essential internal control component for sound fiscal management. School District officials rely on accurate reconciliations to make sound financial decisions.

The School District’s checking account had an unreconciled difference throughout the year and at year end. The reconciliation had old outstanding checks and several reconciling items which need to be posted to the School District’s accounting system. Additionally, the reconciliations performed by the Treasurer were not subsequently reviewed by the Board. As a result of such improperly functioning controls, errors and/or irregularities may go undetected if unreconciled differences are not investigated and timely resolved. The School District should implement procedures to ensure that any unreconciled differences in the bank reconciliation are investigated and timely resolved, follow proper unclaimed monies procedures with checks outstanding greater than one year, make appropriate entries to correctly state the cash balances in the accounting records, and have the Board review monthly reconciliations for accuracy and completeness.

Lawrence County Joint Vocational School District
Lawrence County
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2011

Finding 2011-1 – Significant Deficiency – Bank Reconciliations (Continued)

Client Response:

The client chose not to respond.

Finding 2011-2 – Significant Deficiency – Financial Reporting and Schedule of Federal Awards Expenditures

A monitoring system by the School District should be in place to prevent or detect misstatements for the accurate presentation of the School District's financial statements and schedule of federal awards expenditures. Various errors were identified in the financial statements and schedule of federal awards expenditures of the School District, including omission of a major fund. With the exception of the omitted major fund, which was corrected within the financial statements, and the errors identified in the schedule of federal awards expenditures, the aggregate of these misstatements was deemed immaterial by auditors and management and therefore correction within the financial statements was waived. The School District should implement additional operating and monitoring procedures to ensure transactions are properly recorded and reported and that identified errors are timely and properly resolved.

Client Response:

The client chose not to respond.

Finding 2011-3 – Noncompliance Citation – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. The School District had appropriations in excess of estimated resources in its Adult Education Fund and Pell Grant Fund during the fiscal year. The School District was subject to the risk of unauthorized spending or overspending. The School District should implement procedures to ensure that appropriations are limited to estimated resources.

Client Response:

The client chose not to respond.

Section III – Federal Award Findings and Questioned Costs

Finding 2011-4 – Noncompliance – Single Audit Deadline

Office of Management and Budget (OMB) Circular A-133 Section .320(a) states that an audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The School District's single audit was not completed by the required deadline. The School District should implement the appropriate procedures to ensure that the appropriate deadlines are met.

Client Response:

The client chose not to respond.

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

Ohio Revised 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 Lawrence County Joint Vocational School District (the School District) has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of 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 January 24, 2011 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 this specified party.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 22, 2012

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Dave Yost • Auditor of State

LAWRENCE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 20, 2012