



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information 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. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 12, 2013

## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

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The discussion and analysis of the Gallia-Jackson-Vinton Joint Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 2012 are as follows:***

- In total, net assets increased \$5,013. Net assets of governmental activities decreased \$182,635, while net assets of business-type activities increased \$187,648 from 2011.
- General revenues accounted for \$5,450,086 in revenue or 53.4% of all revenues for governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$4,758,420 or 46.6% of total revenues of \$10,208,506.
- The School District had \$10,391,141 in expenses related to governmental activities; only \$4,758,420 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$5,450,086 were not adequate to cover the remaining expenses. Business-type activities had \$1,750,248 in expenses; program specific revenue in the amount of \$1,865,700 adequately covered these expenses.

### **USING THE BASIC FINANCIAL STATEMENTS**

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

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

### ***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 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

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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, the School District is divided into two kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's adult education programs and rotary services are reported as business-type 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 a multiple of 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 and the Permanent Improvement and Classroom Facilities Funds. The School District's only major Business-Type Activities fund is the Adult Education Fund.

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

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities (Adult Education and Rotary Services); therefore, these statements will essentially match.



**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
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 2012 compared to 2011.

**Table 1  
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other						
Assets	\$9,711,503	\$10,080,846	\$2,489,726	\$2,269,123	\$12,201,229	\$12,349,969
Capital Assets	20,095,312	20,420,954	134,952	146,625	20,230,264	20,567,579
<b>Total Assets</b>	<b>29,806,815</b>	<b>30,501,800</b>	<b>2,624,678</b>	<b>2,415,748</b>	<b>32,431,493</b>	<b>32,917,548</b>
<b>Liabilities</b>						
Long-Term Liabilities	2,804,796	2,940,334	46,192	34,344	2,850,988	2,974,678
Other Liabilities	3,307,676	3,684,488	94,775	85,341	3,402,451	3,769,829
<b>Total Liabilities</b>	<b>6,112,472</b>	<b>6,624,822</b>	<b>140,967</b>	<b>119,685</b>	<b>6,253,439</b>	<b>6,744,507</b>
<b>Net Assets</b>						
Invested in Capital						
Assets	17,851,312	17,972,954	134,952	146,625	17,986,264	18,119,579
Restricted	4,755,424	4,702,254	0	0	4,755,424	4,702,254
Unrestricted	1,087,607	1,201,770	2,348,759	2,149,438	3,436,366	3,351,208
<b>Total Net Assets</b>	<b>\$23,694,343</b>	<b>\$23,876,978</b>	<b>\$2,483,711</b>	<b>\$2,296,063</b>	<b>\$26,178,054</b>	<b>\$26,173,041</b>

Total assets decreased \$486,055, with governmental assets decreasing \$694,985 and business-type assets increasing \$208,930. For governmental activities, this is primarily due to decreases in property taxes receivable in the amount of \$339,638 and capital assets in the amount of \$325,642. The change in property taxes receivable is due to decreased estimated receipts from Jackson and Lawrence Counties. The decrease in capital assets is the result of the depreciation of capital assets in an amount greater than the additions of capital assets. For business-type activities, cash and cash equivalents increased \$282,116 and accounts receivable increased \$51,176, offset by a decrease in intergovernmental receivable in the amount of \$113,153. The increase in cash and cash equivalents and the decrease to intergovernmental receivables are due to the timing of receipts for the Adult Education's Respiratory Therapy Program. The increase in accounts receivable is the result of growing vehicle repair receipts in the Rotary Services Fund.

Total liabilities decreased \$491,068, with governmental liabilities decreasing \$512,350 and business-type liabilities increasing \$21,282. For the governmental funds, this is primarily the result of deferred revenue and long-term liabilities decreasing \$330,263 and \$135,538, respectively. The decrease in deferred revenue is the result of decreasing property taxes receivable. The decreases in long-term liabilities are the result of debt payments.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2012, compared to changes in net assets for the fiscal year ended June 30, 2011.

**Table 2  
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$281,716	\$357,953	\$1,566,854	\$1,692,158	\$1,848,570	\$2,050,111
Operating Grants, Contributions and Interest	4,452,380	4,298,195	298,846	300,431	4,751,226	4,598,626
Capital Grants and Contributions	24,324	33,573	0	0	24,324	33,573
	<u>4,758,420</u>	<u>4,689,721</u>	<u>1,865,700</u>	<u>1,992,589</u>	<u>6,624,120</u>	<u>6,682,310</u>
General Revenues:						
Property Taxes	2,494,241	2,400,782	0	0	2,494,241	2,400,782
Grants and Entitlements	2,750,314	3,224,988	0	0	2,750,314	3,224,988
Interest	150,952	177,576	0	0	150,952	177,576
Insurance Recoveries	0	9,372	0	0	0	9,372
Gifts and Donations	22,329	1,000	0	0	22,329	1,000
Other	32,250	17,850	72,196	97,343	104,446	115,193
	<u>5,450,086</u>	<u>5,831,568</u>	<u>72,196</u>	<u>97,343</u>	<u>5,522,282</u>	<u>5,928,911</u>
Total Revenues	<u>10,208,506</u>	<u>10,521,289</u>	<u>1,937,896</u>	<u>2,089,932</u>	<u>12,146,402</u>	<u>12,611,221</u>
<b>Program Expenses</b>						
Instruction:						
Regular	85,018	34,829	0	0	85,018	34,829
Special	880,067	884,349	0	0	880,067	884,349
Vocational	4,665,051	4,832,249	0	0	4,665,051	4,832,249
Adult/Continuing	857,133	767,852	0	0	857,133	767,852
Support Services:						
Pupils	437,677	433,857	0	0	437,677	433,857
Instructional Staff	383,489	426,773	0	0	383,489	426,773
Board of Education	71,436	72,687	0	0	71,436	72,687
Administration	559,953	555,389	0	0	559,953	555,389
Fiscal	381,147	381,184	0	0	381,147	381,184
Business	60,214	56,129	0	0	60,214	56,129
Operation and Maintenance of Plant	1,449,922	1,673,092	0	0	1,449,922	1,673,092
Pupil Transportation	22,804	14,358	0	0	22,804	14,358
Central	241,568	323,143	0	0	241,568	323,143
Operation of Non-Instructional Services:						
Food Service Operations	227,990	193,773	0	0	227,990	193,773
Extracurricular Activities	12,460	11,971	0	0	12,460	11,971
Interest and Fiscal Charges	55,212	60,113	0	0	55,212	60,113
Adult Education	0	0	1,700,468	1,762,945	1,700,468	1,762,945
Other Enterprise	0	0	49,780	41,609	49,780	41,609
Total Expenses	<u>10,391,141</u>	<u>10,721,748</u>	<u>1,750,248</u>	<u>1,804,554</u>	<u>12,141,389</u>	<u>12,526,302</u>
Change in Net Assets	(182,635)	(200,459)	187,648	285,378	5,013	84,919
Net Assets at Beginning of Year	<u>23,876,978</u>	<u>24,077,437</u>	<u>2,296,063</u>	<u>2,010,685</u>	<u>26,173,041</u>	<u>26,088,122</u>
Net Assets at End of Year	<u>\$23,694,343</u>	<u>\$23,876,978</u>	<u>\$2,483,711</u>	<u>\$2,296,063</u>	<u>\$26,178,054</u>	<u>\$26,173,041</u>

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

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***Governmental Activities***

Net assets of the School District's governmental activities decreased \$182,635 in fiscal year 2012. Total governmental expenses of \$10,391,141 exceeded program revenues of \$4,758,420 and general revenues of \$5,450,086.

The primary sources of revenue for the School District are derived from property taxes, state foundation payments, and federal and state grants. These revenue sources represent 95.2 percent of the total revenue. The remaining 4.8 percent of revenue is from charges for services, interest, gifts and donations and other local sources.

In recent years, the State has implemented weighted funding for special education students and career-tech students, in addition to ADM (average daily membership) funding. In 2011, the state foundation base receipts and both special education and career-technical weighted funding were increased by .75% over fiscal year 2010 levels as House Bill 1 was implemented. In fiscal year 2012, the special education and career-technical weighted funding amounts remained static.

Over 62.4 percent of the School District's budget is used to fund instructional expenses. Support services make up 34.7 percent of expenses and 2.9 percent is used for interest and fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 2.0 percent decrease in employee insurance costs, a 4.3 percent decrease in personal services, and increases in utility and fuel costs.

Program revenues covered 45.8 percent of program expenses overall. The remaining 54.2 percent is supported through tax revenues and other general revenues. In fiscal year 2012, expenses totaled 101.8 percent of revenues, resulting in a decrease in net assets of \$182,635.

***Business-Type Activities***

The business-type activities involves the School District's Adult Education program and rotary services. These activities had revenues of \$1,937,896 and expenses of \$1,750,248 for fiscal year 2012.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

Table 3 shows the total cost of services and the net cost of services for fiscal year 2012 compared to fiscal year 2011. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Governmental Activities**

	2012 Total Cost of Services	2012 Net Cost of Services	2011 Total Cost of Services	2011 Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$85,018	\$85,018	\$34,829	\$34,829
Special	880,067	(504,674)	884,349	(484,779)
Vocational	4,665,051	2,593,871	4,832,249	2,763,861
Adult/Continuing	857,133	72,163	767,852	63,554
Support Services:				
Pupils	437,677	377,710	433,857	359,045
Instructional Staff	383,489	278,847	426,773	319,241
Board of Education	71,436	71,436	72,687	72,687
Administration	559,953	487,848	555,389	478,944
Fiscal	381,147	358,447	381,184	367,560
Business	60,214	60,214	56,129	56,129
Operation and Maintenance of Plant	1,449,922	1,425,598	1,673,092	1,581,919
Pupil Transportation	22,804	22,804	14,358	14,358
Central	241,568	237,997	323,143	319,777
Non-Instructional Services:				
Food Service Operations	227,990	(2,230)	193,773	12,818
Extracurricular Activities	12,460	12,460	11,971	11,971
Interest and Fiscal Charges	55,212	55,212	60,113	60,113
<b>Totals</b>	<b>\$10,391,141</b>	<b>\$5,632,721</b>	<b>\$10,721,748</b>	<b>\$6,032,027</b>

As you can see, the reliance upon local tax revenues for governmental activities is crucial. 24.0 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 26.5 percent of expenses. Program revenue supported 45.8 percent of expenses, while investments and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2012, approximately 54.2 percent of all activities were supported through taxes and other general revenues. As you can see from Table 3, the special education and food service operations were self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds reported a combined fund balance of \$5,921,524, a decrease of \$108,527 from fiscal year 2011. All governmental funds had total revenues of \$10,092,474 and expenditures of \$10,201,001.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

The School District's funds are accounted for using the modified accrual basis of accounting. The General Fund's \$82,545 decrease in fund balance is due to the transfers to the Educational Management Information System Fund and the Classroom Facilities Fund. The Permanent Improvements Fund's \$3,912 increase in fund balance and the \$20,412 fund balance increase in the Classroom Facilities Funds are due to revenues outpacing expenditures resulting from the completion in the previous fiscal year of the classroom facilities construction project.

**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 2012, the School District did amend its General Fund estimated revenues numerous times. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$7,843,695, which represented a decrease of \$256,209, or 3.2 percent from original estimates of \$8,099,904. The final budget basis expenditure estimate of \$7,903,577 represented a decrease of \$1,681,232, or 17.5 percent decrease from the original estimates of \$9,584,809, due to overly conservative expenditure assumptions.

The School District's ending unobligated General Fund balance was \$1,785,055.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$20,230,264 invested in land, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

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

	Governmental Activities		Business-Type Activity		Total	
	2012	2011	2012	2011	2012	2011
Land	\$110,702	\$110,702	\$0	\$0	\$110,702	\$110,702
Buildings and Improvements	18,681,117	19,093,994	0	0	18,681,117	19,093,994
Furniture, Fixtures, and Equipment	1,117,370	1,003,593	134,952	146,625	1,252,322	1,150,218
Vehicles	186,123	212,665	0	0	186,123	212,665
Totals	<u>\$20,095,312</u>	<u>\$20,420,954</u>	<u>\$134,952</u>	<u>\$146,625</u>	<u>\$20,230,264</u>	<u>\$20,567,579</u>

For additional information on capital assets, see Note 9 to the basic financial statements.

**Debt**

At June 30, 2012, the School District had Qualified Zone Academy Bonds outstanding in the amount of \$2,244,000. For additional information on debt, see Note 16 to the basic financial statements.

## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited*

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### **CURRENT ISSUES**

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus, management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 71 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. Though State revenue growth has shifted toward school districts with lower property tax wealth, future enrollment estimates continue to indicate a declining enrollment which will serve to offset any increase in State funding.

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

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Net Assets*

*June 30, 2012*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,703,705	\$2,246,446	\$8,950,151
Materials and Supplies Inventory	23,015	0	23,015
Prepaid Items	30,273	2,150	32,423
Accrued Interest Receivable	262	0	262
Intergovernmental Receivable	236,527	189,954	426,481
Property Taxes Receivable	2,714,153	0	2,714,153
Accounts Receivable	3,568	51,176	54,744
Nondepreciable Capital Assets	110,702	0	110,702
Depreciable Capital Assets, Net	19,984,610	134,952	20,119,562
<i>Total Assets</i>	<u>29,806,815</u>	<u>2,624,678</u>	<u>32,431,493</u>
<b>Liabilities</b>			
Accounts Payable	94,982	6,430	101,412
Accrued Wages and Benefits Payable	672,316	66,342	738,658
Accrued Interest Payable	17,401	0	17,401
Intergovernmental Payable	122,137	16,789	138,926
Matured Compensated Absences Payable	13,849	0	13,849
Accrued Vacation Leave Payable	42,859	5,214	48,073
Claims Payable	17,919	0	17,919
Deferred Revenue	2,326,213	0	2,326,213
Long-Term Liabilities:			
Due within One Year	252,391	0	252,391
Due in More than One Year	2,552,405	46,192	2,598,597
<i>Total Liabilities</i>	<u>6,112,472</u>	<u>140,967</u>	<u>6,253,439</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	17,851,312	134,952	17,986,264
Restricted for:			
Budget Stabilization	32,757	0	32,757
Capital Projects	3,790,043	0	3,790,043
Other Purposes	932,624	0	932,624
Unrestricted	1,087,607	2,348,759	3,436,366
<i>Total Net Assets</i>	<u>\$23,694,343</u>	<u>\$2,483,711</u>	<u>\$26,178,054</u>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Instruction:							
Regular	\$85,018	\$0	\$0	\$0	(\$85,018)	\$0	(\$85,018)
Special	880,067	163,910	1,220,831	0	504,674	0	504,674
Vocational	4,665,051	44,067	2,027,113	0	(2,593,871)	0	(2,593,871)
Adult/Continuing	857,133	0	784,970	0	(72,163)	0	(72,163)
Support Services:							
Pupils	437,677	0	59,967	0	(377,710)	0	(377,710)
Instructional Staff	383,489	0	104,642	0	(278,847)	0	(278,847)
Board of Education	71,436	0	0	0	(71,436)	0	(71,436)
Administration	559,953	11,110	60,995	0	(487,848)	0	(487,848)
Fiscal	381,147	0	22,700	0	(358,447)	0	(358,447)
Business	60,214	0	0	0	(60,214)	0	(60,214)
Operation and Maintenance of Plant	1,449,922	0	0	24,324	(1,425,598)	0	(1,425,598)
Pupil Transportation	22,804	0	0	0	(22,804)	0	(22,804)
Central	241,568	0	3,571	0	(237,997)	0	(237,997)
Operation of Non-Instructional Services:							
Food Service Operations	227,990	62,629	167,591	0	2,230	0	2,230
Extracurricular	12,460	0	0	0	(12,460)	0	(12,460)
Interest and Fiscal Charges	55,212	0	0	0	(55,212)	0	(55,212)
<i>Total Governmental Activities</i>	<u>10,391,141</u>	<u>281,716</u>	<u>4,452,380</u>	<u>24,324</u>	<u>(5,632,721)</u>	<u>0</u>	<u>(5,632,721)</u>
<b>Business-Type Activities</b>							
Other Enterprise	49,780	43,860	0	0	0	(5,920)	(5,920)
Adult Education	1,700,468	1,522,994	298,846	0	0	121,372	121,372
<i>Total Business-Type Activities</i>	<u>1,750,248</u>	<u>1,566,854</u>	<u>298,846</u>	<u>0</u>	<u>0</u>	<u>115,452</u>	<u>115,452</u>
<i>Totals</i>	<u>\$12,141,389</u>	<u>\$1,848,570</u>	<u>\$4,751,226</u>	<u>\$24,324</u>	<u>(5,632,721)</u>	<u>115,452</u>	<u>(5,517,269)</u>
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes					2,494,241	0	2,494,241
Grants and Entitlements not Restricted to Specific Programs					2,750,314	0	2,750,314
Interest					150,952	0	150,952
Gifts and Donations					22,329	0	22,329
Other					32,250	72,196	104,446
<i>Total General Revenues</i>					<u>5,450,086</u>	<u>72,196</u>	<u>5,522,282</u>
<i>Change in Net Assets</i>					<u>(182,635)</u>	<u>187,648</u>	<u>5,013</u>
<i>Net Assets at Beginning of Year</i>					<u>23,876,978</u>	<u>2,296,063</u>	<u>26,173,041</u>
<i>Net Assets at End of Year</i>					<u>\$23,694,343</u>	<u>\$2,483,711</u>	<u>\$26,178,054</u>

See accompanying notes to the basic financial statements



**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2012*

	<u>General</u>	<u>Permanent Improvements</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,920,631	\$2,750,464	\$1,039,579	\$902,548	\$6,613,222
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	32,757	0	0	0	32,757
Receivables:					
Taxes	2,714,153	0	0	0	2,714,153
Accounts	3,568	0	0	0	3,568
Intergovernmental	0	0	0	236,527	236,527
Interfund	125,737	0	0	0	125,737
Accrued Interest	262	0	0	0	262
Materials and Supplies Inventory	17,475	0	0	5,540	23,015
Prepaid Items	14,512	0	0	15,761	30,273
<b>Total Assets</b>	<b><u>\$4,829,095</u></b>	<b><u>\$2,750,464</u></b>	<b><u>\$1,039,579</u></b>	<b><u>\$1,160,376</u></b>	<b><u>\$9,779,514</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$51,925	\$0	\$0	\$43,057	\$94,982
Accrued Wages and Benefits Payable	567,929	0	0	104,387	672,316
Intergovernmental Payable	98,037	0	0	24,100	122,137
Matured Compensated Absences	13,849	0	0	0	13,849
Interfund Payable	0	0	0	125,737	125,737
Deferred Revenue	2,643,158	0	0	185,811	2,828,969
<b>Total Liabilities</b>	<b><u>3,374,898</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>483,092</u></b>	<b><u>3,857,990</u></b>
<b>Fund Balances</b>					
Nonspendable	31,987	0	0	21,301	53,288
Restricted	32,757	198,458	1,039,579	856,361	2,127,155
Committed	439	0	0	0	439
Assigned	148,181	2,552,006	0	0	2,700,187
Unassigned	1,240,833	0	0	(200,378)	1,040,455
<b>Total Fund Balances</b>	<b><u>1,454,197</u></b>	<b><u>2,750,464</u></b>	<b><u>1,039,579</u></b>	<b><u>677,284</u></b>	<b><u>5,921,524</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$4,829,095</u></b>	<b><u>\$2,750,464</u></b>	<b><u>\$1,039,579</u></b>	<b><u>\$1,160,376</u></b>	<b><u>\$9,779,514</u></b>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2012*

<b>Total Governmental Fund Balances</b>		<b>\$5,921,524</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,095,312
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	316,945	
Grants	185,811	502,756
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net assets.		39,807
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Qualified Zone Academy Bonds	(2,244,000)	
Accrued Interest Payable	(17,401)	
Sick Leave Benefits Payable	(560,796)	
Vacation Benefits Payable	(42,859)	(2,865,056)
<b>Net Assets of Governmental Activities</b>		<b><u><u>\$23,694,343</u></u></b>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
**Governmental Funds**  
*For the Fiscal Year Ended June 30, 2012*

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$2,493,463	\$0	\$0	\$0	\$2,493,463
Intergovernmental	4,964,210	0	0	2,059,166	7,023,376
Interest	150,952	3,912	20,412	564	175,840
Tuition and Fees	25,565	0	0	0	25,565
Charges for Services	17,662	0	0	236,840	254,502
Rent	809	0	0	0	809
Extracurricular	840	0	0	0	840
Gifts and Donations	85,829	0	0	0	85,829
Miscellaneous	32,250	0	0	0	32,250
<i>Total Revenues</i>	<u>7,771,580</u>	<u>3,912</u>	<u>20,412</u>	<u>2,296,570</u>	<u>10,092,474</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	80,787	0	0	0	80,787
Special	0	0	0	873,426	873,426
Vocational	4,484,992	0	0	220,777	4,705,769
Adult/Continuing	57,500	0	0	793,837	851,337
Support Services:					
Pupils	382,656	0	0	59,728	442,384
Instructional Staff	271,462	0	0	99,022	370,484
Board of Education	71,436	0	0	0	71,436
Administration	484,774	0	0	69,505	554,279
Fiscal	359,590	0	0	23,458	383,048
Business	58,525	0	0	0	58,525
Operation and Maintenance of Plant	886,191	0	0	170,403	1,056,594
Pupil Transportation	17,185	0	0	0	17,185
Central	237,101	0	0	3,624	240,725
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	221,768	221,768
Extracurricular Activities	12,460	0	0	0	12,460
Debt Service:					
Principal Retirement	204,000	0	0	0	204,000
Interest and Fiscal Charges	56,794	0	0	0	56,794
<i>Total Expenditures</i>	<u>7,665,453</u>	<u>0</u>	<u>0</u>	<u>2,535,548</u>	<u>10,201,001</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>106,127</u>	<u>3,912</u>	<u>20,412</u>	<u>(238,978)</u>	<u>(108,527)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	188,672	188,672
Transfers Out	(188,672)	0	0	0	(188,672)
<i>Total Other Financing Sources (Uses)</i>	<u>(188,672)</u>	<u>0</u>	<u>0</u>	<u>188,672</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(82,545)	3,912	20,412	(50,306)	(108,527)
<i>Fund Balances at Beginning of Year</i>	<u>1,536,742</u>	<u>2,746,552</u>	<u>1,019,167</u>	<u>727,590</u>	<u>6,030,051</u>
<i>Fund Balances at End of Year</i>	<u>\$1,454,197</u>	<u>\$2,750,464</u>	<u>\$1,039,579</u>	<u>\$677,284</u>	<u>\$5,921,524</u>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton 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, 2012*

**Net Change in Fund Balances - Total Governmental Funds** (\$108,527)

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

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

Capital Asset Additions	228,889	
Depreciation Expense	<u>(554,531)</u>	(325,642)

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

Grants	115,254	
Delinquent Taxes	<u>778</u>	116,032

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 204,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due. 1,582

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities: (1,074)

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

Sick Leave Benefits Payable	(68,462)	
Vacation Benefits Payable	<u>(544)</u>	<u>(69,006)</u>

***Change in Net Assets of Governmental Activities*** (\$182,635)

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton 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, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$2,585,395	\$2,503,616	\$2,503,616	\$0
Intergovernmental	5,192,771	5,028,517	5,028,517	0
Interest	157,010	152,044	152,044	0
Tuition and Fees	26,400	25,565	25,565	0
Charges for Services	14,662	14,198	14,198	0
Rent	835	809	809	0
Extracurricular	867	840	840	0
Gifts and Donations	88,633	85,829	85,829	0
Miscellaneous	33,331	32,277	32,277	0
<i>Total Revenues</i>	<u>8,099,904</u>	<u>7,843,695</u>	<u>7,843,695</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	100,018	82,474	82,474	0
Vocational	5,631,563	4,643,754	4,643,754	0
Adult/Continuing	69,731	57,500	57,500	0
Support Services:				
Pupils	459,938	379,262	379,262	0
Instructional Staff	353,656	291,623	291,623	0
Board of Education	151,789	125,164	125,164	0
Administration	579,779	478,082	478,082	0
Fiscal	428,755	353,549	353,549	0
Business	69,775	57,536	57,536	0
Operation and Maintenance of Plant	1,076,748	887,880	887,880	0
Pupil Transportation	25,050	20,656	20,656	0
Central	308,454	254,349	254,349	0
Extracurricular Activities	13,284	10,954	10,954	0
Debt Service:				
Principal	247,394	204,000	204,000	0
Interest and Fiscal Charges	68,875	56,794	56,794	0
<i>Total Expenditures</i>	<u>9,584,809</u>	<u>7,903,577</u>	<u>7,903,577</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,484,905)</u>	<u>(59,882)</u>	<u>(59,882)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	83,609	80,964	80,964	0
Transfers Out	(228,806)	(188,672)	(188,672)	0
Advances Out	(89,398)	(73,717)	(73,717)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(234,595)</u>	<u>(181,425)</u>	<u>(181,425)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,719,500)	(241,307)	(241,307)	0
<i>Fund Balance at Beginning of Year</i>	1,518,314	1,518,314	1,518,314	0
Prior Year Encumbrances Appropriated	508,048	508,048	508,048	0
<i>Fund Balance at End of Year</i>	<u>\$306,862</u>	<u>\$1,785,055</u>	<u>\$1,785,055</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*June 30, 2012*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise	Total Enterprise Funds	Internal Service
<b>Assets</b>				
Current :				
Equity in Pooled Cash and Cash Equivalents	\$2,175,833	\$70,613	\$2,246,446	\$57,726
Accounts Receivable	18,507	32,669	51,176	0
Intergovernmental Receivable	189,954	0	189,954	0
Prepaid Items	2,150	0	2,150	0
<i>Total Current Assets</i>	2,386,444	103,282	2,489,726	57,726
Noncurrent:				
Depreciable Capital Assets, Net	134,952	0	134,952	0
<i>Total Assets</i>	2,521,396	103,282	2,624,678	57,726
<b>Liabilities</b>				
Current:				
Accounts Payable	6,376	54	6,430	0
Accrued Wages and Benefits Payable	66,342	0	66,342	0
Intergovernmental Payable	16,534	255	16,789	0
Accrued Vacation Leave Payable	5,214	0	5,214	0
Claims Payable	0	0	0	17,919
<i>Total Current Liabilities</i>	94,466	309	94,775	17,919
Long-Term:				
Compensated Absences Payable	46,192	0	46,192	0
<i>Total Liabilities</i>	140,658	309	140,967	17,919
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	134,952	0	134,952	0
Unrestricted	2,245,786	102,973	2,348,759	39,807
<i>Total Net Assets</i>	\$2,380,738	\$102,973	\$2,483,711	\$39,807

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Revenues, Expenses,  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year December 31, 2012*

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Internal Service
<b>Operating Revenues</b>				
Tuition and Fees	\$966,564	\$0	\$966,564	\$0
Sales	268,576	0	268,576	0
Charges for Services	287,854	43,860	331,714	100,000
Other Operating Revenues	72,196	0	72,196	0
<i>Total Operating Revenues</i>	<u>1,595,190</u>	<u>43,860</u>	<u>1,639,050</u>	<u>100,000</u>
<b>Operating Expenses</b>				
Salaries and Wages	1,112,997	0	1,112,997	0
Fringe Benefits	208,068	0	208,068	0
Purchased Services	133,125	1,724	134,849	5,829
Materials and Supplies	140,150	47,793	187,943	0
Depreciation	21,617	0	21,617	0
Claims	0	0	0	95,245
Other Operating Expenses	84,511	263	84,774	0
<i>Total Operating Expenses</i>	<u>1,700,468</u>	<u>49,780</u>	<u>1,750,248</u>	<u>101,074</u>
<i>Operating Loss</i>	<u>(105,278)</u>	<u>(5,920)</u>	<u>(111,198)</u>	<u>(1,074)</u>
<b>Non-Operating Revenues</b>				
Federal and State Subsidies	298,846	0	298,846	0
<i>Change in Net Assets</i>	193,568	(5,920)	187,648	(1,074)
<i>Net Assets at Beginning of Year</i>	<u>2,187,170</u>	<u>108,893</u>	<u>2,296,063</u>	<u>40,881</u>
<i>Net Assets at End of Year</i>	<u>\$2,380,738</u>	<u>\$102,973</u>	<u>\$2,483,711</u>	<u>\$39,807</u>

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Fiscal Year Ended June 30, 2012*

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total	Internal
			Enterprise Funds	Service
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$793,288	\$11,191	\$804,479	\$100,000
Cash Received from Tuition and Fees	825,222	0	825,222	0
Cash Payments for Employee Services and Benefits	(1,299,006)	0	(1,299,006)	(100,080)
Cash Payments to Suppliers for Goods and Services	(275,712)	(49,208)	(324,920)	(5,829)
Other Operating Revenues	72,196	0	72,196	0
Other Operating Expenses	(83,699)	(263)	(83,962)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>32,289</u>	<u>(38,280)</u>	<u>(5,991)</u>	<u>(5,909)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Grants Received	298,051	0	298,051	0
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(9,944)	0	(9,944)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	320,396	(38,280)	282,116	(5,909)
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,855,437	108,893	1,964,330	63,635
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$2,175,833</u>	<u>\$70,613</u>	<u>\$2,246,446</u>	<u>\$57,726</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities</b>				
<i>Operating Loss</i>	(\$105,278)	(\$5,920)	(\$111,198)	(\$1,074)
<i>Adjustments:</i>				
Depreciation	21,617	0	21,617	0
(Increase) Decrease in Assets:				
Accounts Receivable	(18,507)	(32,669)	(51,176)	0
Intergovernmental Receivable	113,948	0	113,948	0
Prepaid Items	(464)	0	(464)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(3,173)	54	(3,119)	0
Claims Payable	0	0	0	(4,835)
Accrued Wages and Benefits Payable	9,871	0	9,871	0
Compensated Absences Payable	12,041	0	12,041	0
Intergovernmental Payable	2,234	255	2,489	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$32,289</u>	<u>(\$38,280)</u>	<u>(\$5,991)</u>	<u>(\$5,909)</u>

See accompanying notes to the basic financial statements



**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2012*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$4,262</u></u>
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**Liabilities**

Due to Students	<u><u>\$4,262</u></u>
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See accompanying notes to the basic financial statements

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## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 1 - Description of the Joint Vocational School District and Reporting Entity**

The Gallia-Jackson-Vinton Joint Vocational School District (the School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of nine members from the six participating school districts located within Gallia, Jackson, and Vinton Counties. The Board consists of five members from the three city school districts and four members from the three local school districts. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1970. The buildings are located on a 47.63 acre site and were opened for instruction in 1975. It is staffed by 24 classified employees and 64 certificated employees who provide services to 1,056 high school students and 1,274 adult students through the adult education department evening classes and customized training for business and industry.

#### **Reporting Entity**

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Gallia-Jackson-Vinton 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. The School District has no component units.

The School District participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Plan and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are defined as insurance purchasing pools. These organizations are presented in Notes 14 and 15.

### **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 and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise funds. The more significant of the School District's accounting policies are described below.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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### **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 fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements.

### **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. The funds of the School District fall within three categories: governmental, proprietary, and fiduciary.

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

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

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Permanent Improvements Fund** The Permanent Improvements Fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

**Classroom Facilities Fund** The Classroom Facilities Fund accounts for grant and debt proceeds used for the renovation and reconstruction of the School District's school facilities.

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

**Proprietary Fund Types** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service.

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds accounts for the operation of the School District's adult education and rotary programs. The School District's only major enterprise fund is the Adult Education Fund used to account from all activity related to adult services.

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

**Fiduciary Fund Type** 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund, which accounts for student loans.

### **C. Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 fund financial statements for governmental funds.

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

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 yearend: property taxes available as an advance, interest, tuition, grants, fees, and charges for services.

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

Property taxes for which there was an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures** On the accrual basis, 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, including the proprietary 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" on the financial statements.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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During fiscal year 2012, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue is credited to the General Fund; the Food Service Fund; and the Permanent Improvements and Classroom Facilities Funds. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$150,952, which includes \$117,008 assigned from other School District funds.

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***G. Inventory***

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

***H. Capital Assets***

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

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

All reported capital assets, except land, 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:

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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Description	Estimated Lives
Buildings and Improvements	10 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	5 - 20 years
Textbooks	5 - 20 years

**I. Interfund Balances**

On fund financial statements, 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.

**J. 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 the unspent workers' compensation refund monies required to be maintained for budget stabilization. See Note 19 for additional information regarding set-asides.

**K. 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 "accrued vacation leave payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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 employees with ten or more years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

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

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



## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds are recognized as a liability on the governmental fund financial statements when due.

### **M. Internal 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 on the government-wide statements. 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 and non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### **N. 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 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 the 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.

**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 Board of Education. Those committed amounts cannot be used for any other purpose unless the 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.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**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 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 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 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 can be used.

### **O. 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 the food service program and local, 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.

### **P. Operating Revenues and Expenses**

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

### **Q. Estimates**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**R. Budgetary Process**

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

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 in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in 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 of Education 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 of Education during the fiscal year. Prior to June 30, the Board of Education passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

**Note 3 - Fund Deficits**

The following funds had deficit fund balances as of June 30, 2012:

	<u>Deficit</u>
<b>Special Revenue Funds:</b>	
Special Education Consortium	\$73,038
Education Management Information System	11
One Net	200
Adult Basic Literacy Education	36,314
Resident Educator	350
Perkins	89,973
Title II-A	126

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**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.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

Fund Balances	General Fund	Permanent Improvements Fund	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable:					
Materials and Supplies Inventory	\$17,475	\$0	\$0	\$5,540	\$23,015
Prepays	14,512	0	0	15,761	30,273
<i>Total Nonspendable</i>	<u>31,987</u>	<u>0</u>	<u>0</u>	<u>21,301</u>	<u>53,288</u>
Restricted for:					
State Grant Expenditures	0	0	0	49,778	\$49,778
Federal Grant Expenditures	0	0	0	1,644	1,644
Capital Improvements	0	198,458	1,039,579	804,939	2,042,976
Budget Stabilization	32,757	0	0	0	32,757
<i>Total Restricted</i>	<u>32,757</u>	<u>198,458</u>	<u>1,039,579</u>	<u>856,361</u>	<u>2,127,155</u>
Committed to:					
Scholarships	439	0	0	0	439
<i>Total Committed</i>	<u>439</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>439</u>
Assigned to:					
Classroom Supplies	14,783	0	0	0	14,783
Other Purposes	133,398	0	0	0	133,398
Capital Improvements	0	2,552,006	0	0	2,552,006
<i>Total Assigned</i>	<u>148,181</u>	<u>2,552,006</u>	<u>0</u>	<u>0</u>	<u>2,700,187</u>
Unassigned:	1,240,833	0	0	(200,378)	1,040,455
<i>Total Fund Balances</i>	<u>\$1,454,197</u>	<u>\$2,750,464</u>	<u>\$1,039,579</u>	<u>\$677,284</u>	<u>\$5,921,524</u>

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than committed or

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

- 
- 4 assigned fund balance (GAAP basis).  
Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
  5. Prepaid items represent amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Net Change in Fund Balance	
	General Fund
GAAP Basis	(\$82,545)
Net Adjustment for:	
Revenue Accruals	72,115
Expenditure Accruals	(60,265)
Prepaid Items:	
Beginning of Fiscal Year	4,985
End of Fiscal Year	(14,512)
Advances In	80,964
Advances Out	(73,717)
Encumbrances	(168,332)
Budget Basis	<u>(\$241,307)</u>

**Note 6 - 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 of Education 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;

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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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;
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.

**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, \$8,679,905 of the School District's bank balance of \$9,029,905 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

The School District 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 District 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 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Gallia, Jackson, Vinton, and Lawrence Counties. The County Auditor's periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real and public utility taxes which are measurable as of June 30, 2012, 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 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012, was \$70,995 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2011, was \$78,944.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
Agricultural/Residential	\$957,622,990	70.45%	\$986,467,460	71.42%
Commercial/Industrial and Public Utility Real	124,631,200	9.17%	118,153,570	8.56%
Public Utility Personal	277,031,530	20.38%	276,460,880	20.02%
Total	\$1,359,285,720	100.00%	\$1,381,081,910	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$2.00		\$2.00	

**Note 8 - Receivables**

Receivables at June 30, 2012, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, accrued interest, 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. Delinquent property taxes deemed collectible by the County Auditor's and recorded as a receivable in the amount of \$316,945 may not be collected within one year. All other receivables are expected to be collected within one year.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
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A summary of principal items of intergovernmental receivables follows:

**Governmental Activities:**

Education Management Information System	\$5,000
One Net	200
Adult Basic Literacy Education	82,283
Resident Educator	350
Perkins	89,045
Title II - A	5,592
Rural Education Assistance	<u>54,057</u>

**Total Governmental Activities** 236,527

**Business-Type Activities:**

Adult Education	<u>189,954</u>
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**Total Business-Type Activities** 189,954

**Total Intergovernmental Receivables** \$426,481

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at 6/30/11	Additions	Deductions	Balance at 6/30/12
<b>Governmental Activities:</b>				
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$110,702	\$0	\$0	\$110,702
Depreciable Capital Assets:				
Buildings and Improvements	22,970,762	0	0	22,970,762
Furniture, Fixtures, and Equipment	2,065,567	228,889	0	2,294,456
Vehicles	367,890	0	0	367,890
Textbooks	105,839	0	0	105,839
Total Depreciable Capital Assets	<u>25,510,058</u>	<u>228,889</u>	<u>0</u>	<u>25,738,947</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,876,768)	(412,877)	0	(4,289,645)
Furniture, Fixtures, and Equipment	(1,061,974)	(115,112)	0	(1,177,086)
Vehicles	(155,225)	(26,542)	0	(181,767)
Textbooks	(105,839)	0	0	(105,839)
Total Accumulated Depreciation	<u>(5,199,806)</u>	<u>(554,531) *</u>	<u>0</u>	<u>(5,754,337)</u>
Total Capital Assets being Depreciated, Net	<u>20,310,252</u>	<u>(325,642)</u>	<u>0</u>	<u>19,984,610</u>
Capital Assets, Net	<u><u>\$20,420,954</u></u>	<u><u>(\$325,642)</u></u>	<u><u>\$0</u></u>	<u><u>\$20,095,312</u></u>



**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

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For the Fiscal Year Ended June 30, 2012*

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

Instruction:	
Special	\$1,259
Vocational	133,713
Adult/Continuing	5,796
Support Services:	
Pupils	160
Instructional Staff	9,452
Administration	3,076
Fiscal	1,237
Business	514
Operation and Maintenance of Plant	390,376
Pupil Transportation	5,619
Central	843
Food Service Operations	<u>2,486</u>
Total Depreciation Expense	<u><u>\$554,531</u></u>

	<u>Balance at</u> <u>6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/12</u>
<b>Business-Type Activities:</b>				
Capital Assets:				
Depreciable Capital Assets:				
Furniture, Fixtures, and Equipment	\$250,575	\$9,944	\$0	\$260,519
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	<u>(103,950)</u>	<u>(21,617)</u>	<u>0</u>	<u>(125,567)</u>
Business-Type Activities Capital Assets, Net	<u><u>\$146,625</u></u>	<u><u>(\$11,673)</u></u>	<u><u>\$0</u></u>	<u><u>\$134,952</u></u>

**Note 10 - Interfund Activity**

**A. Transfers**

The General Fund made transfers to the Classroom Maintenance and Educational Management Information System Funds in the amounts of \$183,691 and \$4,981, respectively. The transfer made to the Classroom Maintenance Fund was made to meet the School District's facilities maintenance requirements as part of the Ohio School Facilities Commission funding. The transfer to the Educational System Management Information Fund was used to move unrestricted revenue collected in the General Fund to finance the program in accordance with budgetary authorizations.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**B. Interfund Balances**

Interfund balances at June 30, 2012, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

	Interfund Receivables	Interfund Payables
<b>General Fund</b>	<u>\$125,737</u>	<u>\$0</u>
<b>Other Governmental Funds:</b>		
One Net	0	200
Adult Basic Literacy Education	0	70,662
Resident Educator	0	350
Perkins	0	53,815
Title II-A	0	126
Miscellaneous Federal Grants	0	584
	<u>0</u>	<u>125,737</u>
Total Other Governmental Funds		
Total All Funds	<u><u>\$125,737</u></u>	<u><u>\$125,737</u></u>

**Note 11 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

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

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 2012, 12.70 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, 2012, 2011, and 2010, were \$140,357, \$136,115, and \$170,159, respectively; 92.69 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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 43215-3371, or by calling (888) 227-7877.

## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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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 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.

Funding Policy – For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$660,440, \$684,014, and \$677,642, respectively; 88.42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$31,945 made by the School District and \$22,818 made by the plan members.

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

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, seven members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Note 12 - 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-certified 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 obligations to contribute are established by the System based on authority granted by State statute. The financial report of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 E. 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 2012, 0.55 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 2012, this amount was \$35,800.

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 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, 2012, 2011, and 2010, were \$29,855, \$31,349, and \$29,371, respectively; 49.28 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$8,368, \$8,803, and \$9,940, respectively; 92.66 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

***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 calling (888)227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board the 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 2012, 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, 2012, 2011, and 2010, were \$50,803, \$52,616, and \$52,126, respectively; 88.42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Note 13 - Employee Benefits**

**A. *Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days for all employees. In addition, teachers and other certified employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years, and classified employees are given one additional day for each five years of service from fifteen (15) to thirty (30) years.

**B. *Insurance***

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

The School District contracts with United Healthcare for hospitalization and major medical insurance for all full-time employees. The School District pays monthly premiums of \$1,476 for family coverage, \$988 for employee/spouse coverage, \$885 for employee/child coverage, and \$492 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a prescription deductible of \$10 for formulary generic, \$35 for formulary brand, and \$70 for non-formulary.

**Note 14 - Jointly Governed Organizations**

**A. *Southeastern Ohio Voluntary Education Cooperative (SEOVEC)***

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 26 participants consisting of school districts in eight southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2012, the School District paid \$14,002 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

**B. *Coalition of Rural and Appalachian Schools***

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 2012. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**Note 15 - Insurance Purchasing Pools**

**A. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and is 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 the OSP and member school districts.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

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 program. Each year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 16 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2012 were as follows:

	Principal Outstanding 6/30/11	Additions	Deductions	Principal Outstanding 6/30/12	Amounts Due in One Year
<b>Governmental Activities:</b>					
2008 Qualified Zone Academy Bonds - 2.31%	\$2,448,000	\$0	\$204,000	\$2,244,000	\$204,000
Sick Leave Benefits Payable	<u>492,334</u>	<u>87,024</u>	<u>18,562</u>	<u>560,796</u>	<u>48,391</u>
Total Governmental Activities	<u>\$2,940,334</u>	<u>\$87,024</u>	<u>\$222,562</u>	<u>\$2,804,796</u>	<u>\$252,391</u>
<b>Business-Type Activities:</b>					
Sick Leave Benefits Payable	<u>\$34,344</u>	<u>\$11,848</u>	<u>\$0</u>	<u>\$46,192</u>	<u>\$0</u>

On March 1, 2008, the School District issued \$3,060,000 of qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District's locally funded portion in upgrading existing facilities through the Ohio Schools Facilities Commission. The QZAB matures in 2023. The QZAB was 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 the Ohio Valley Bank Company, and then subleased back to the School District. The QZAB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through March 1, 2023, subject to annual appropriations. To satisfy trustee requirements, the School District is required to make annual base rent payments, subject to lease terms and appropriations.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
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Annual base rent requirements to retire the Qualified Zone Academy Bonds outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2013	\$204,000	\$52,061
2014	204,000	47,328
2015	204,000	42,595
2016	204,000	37,862
2017	204,000	33,130
2018 - 2022	1,020,000	94,656
2023	204,000	4,733
	<u>\$2,244,000</u>	<u>\$312,365</u>

Sick leave benefits will be paid from the General Fund; the Food Service, Special Education Consortium, and Perkins Grant Special Revenue Funds; and the Adult Education Enterprise Fund.

The School District's overall legal debt margin was \$122,053,372, with an unvoted debt margin of \$13,810,819 at June 30, 2012.

**Note 17 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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, 2012..

**B. Litigation**

The School District is a party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**Note 18 - 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. For fiscal year 2012, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 15).

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$26,402,155
General Liability:		
Each Occurrence	0	5,000,000
Aggregate Limit	0	7,000,000
Sexual Abuse	0	5,000,000
Products - Completed Operations Aggregate Limit	0	7,000,000
Personal and Advertising Injury Limit - Each Offense	0	5,000,000
Errors and Omissions:		
Each Occurrence	2,500	5,000,000
Aggregate Limit	2,500	7,000,000
Employers' Liability:		
Each Occurrence	2,500	5,000,000
Employee Benefits Liability:		
Each Occurrence	2,500	5,000,000
Aggregate Limit	2,500	7,000,000
Vehicles:		
Bodily Injury:		
Per Person	250	5,000,000
Per Accident	250	5,000,000
Property Damage	250	5,000,000
Uninsured Motorist:		
Per Person	250	1,000,000
Per Accident	250	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2011.

**B. Workers' Compensation**

For fiscal year 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). 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 CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.



**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**C. Medical Expense Reimbursement Plan**

The School District has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the School District's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the School District, United Healthcare, and Patrick Benefits Administrators. The School District's health plan with United Healthcare covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with United Healthcare and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the School District and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with United Healthcare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with United Healthcare.

Changes in claims activity for the current and preceding fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2011	\$31,032	\$91,686	\$99,964	\$22,754
2012	22,754	95,245	100,080	17,919

**Note 19 - Set-Asides Calculations**

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 acquisition and construction of capital improvements. Amounts not spent by 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 years. In prior fiscal years, the School District was also required to set aside money for budget stabilization and textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirements for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board of education be returned to the school district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau or Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau or Workers' Compensation in the budget reserve pursuant to State Statute and at June 30, 2012, this all that continues to be set aside.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-Aside Reserve Balance as of as of June 30, 2011	\$0	\$32,757
Current Year Set-Aside Requirement	91,328	0
Qualifying Expenditures	<u>(369,281)</u>	<u>0</u>
Totals	<u>(\$277,953)</u>	<u>\$32,757</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$32,757</u>
Set-Aside Reserve Balance as of June 30, 2012	<u>\$0</u>	<u>\$32,757</u>

The School District had qualifying expenditures during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount represents excess qualifying disbursements and may not be carried forward.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012	10.555	\$ 10,378	\$ 11,093
Cash Assistance:				
School Breakfast Program	2012	10.553	40,286	40,286
National School Lunch Program	2012	10.555	113,853	113,853
Cash Assistance Subtotal			<u>154,139</u>	<u>154,139</u>
Total Child Nutrition Cluster			<u>164,517</u>	<u>165,232</u>
Total U.S. Department of Agriculture			164,517	165,232
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct from Federal Government:</i>				
Student Financial Aid Cluster:				
Federal Pell Grant Program	2012	84.063	435,947	435,947
Federal Family Education Loans	2012	84.032	217,061	212,799
Total Student Financial Aid Cluster			<u>653,008</u>	<u>648,746</u>
Rural Education	2011	84.358A	41,473	40,473
	2012		1,360	1,944
Total Rural Education			<u>42,833</u>	<u>42,417</u>
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States				
	2011	84.002	25,093	32,627
	2012		127,815	198,477
Total Adult Education - Basic Grants to States			<u>152,908</u>	<u>231,104</u>
Career and Technical Education- Basic Grants to States	2011	84.048	48,380	9,488
	2012		275,222	272,637
Total Career and Technical Education- Basic Grants to States			<u>323,602</u>	<u>282,125</u>
Race to the Top	2012	84.395	0	350
Improving Teacher Quality State Grants	2011	84.367	1,013	0
	2012		279	405
Total Improving Teacher Quality State Grants			<u>1,292</u>	<u>405</u>
Total U.S. Department of Education			<u>1,173,643</u>	<u>1,205,147</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,338,161</u></b>	<b><u>\$ 1,370,379</u></b>

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

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

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

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

**Dave Yost**  
Auditor of State

February 12, 2013



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each the School District's major federal programs for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

In our opinion, the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We did note a certain matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 12, 2013.

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



**Dave Yost**  
Auditor of State

February 12, 2013



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Adult Education – Basic Grants to States: CFDA # 84.002 Career and Technical Education – Basic Grants to States: CFDA # 84.048
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

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

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 5, 2013**