



Dave Yost • Auditor of State

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, Jefferson County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2016

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. 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 the 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 2014 are as follows:

- In total, net position increased \$379,357.
- General revenues accounted for \$4,825,993, in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$1,112,300 or 19 percent of total revenues of \$5,938,293.
- Total assets of governmental activities increased \$853,150. Current assets increased by \$978,110 due primarily to increased property tax receivable resulting from the passage of a one mill levy. Capital assets decreased \$124,960 due primarily to depreciation expense which was offset slightly by capital asset additions.
- The School District had \$5,558,936 in expenses related to governmental activities; only \$1,112,300 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$4,825,993 were adequate to provide for these programs.
- Total governmental funds had \$5,831,411 in revenues and \$5,582,922 in expenditures. The net change in governmental fund balances, including other financing sources (uses) was an increase of \$260,571.

Using this Annual Financial Report

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

The Statement of Net Position 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.

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

Reporting the School District as a Whole

Statement of Net Position 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 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, 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 Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations and debt service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude 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 capital projects fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Net Position

| | Governmental Activities | | |
|--------------------------------------|--------------------------------|--------------------|------------------|
| | 2014 | 2013 | Change |
| Assets | | | |
| Current and Other Assets | \$5,366,322 | \$4,388,212 | \$978,110 |
| Capital Assets | 2,450,451 | 2,575,411 | (124,960) |
| Total Assets | 7,816,773 | 6,963,623 | 853,150 |
| Liabilities | | | |
| Long-Term Liabilities | 1,102,957 | 1,170,850 | (67,893) |
| Other Liabilities | 592,906 | 513,432 | 79,474 |
| Total Liabilities | 1,695,863 | 1,684,282 | 11,581 |
| Deferred Inflows of Resources | | | |
| Property Taxes not Levied to Finance | | | |
| Current Year Operations | 2,482,960 | 2,020,748 | 462,212 |
| Net Position | | | |
| Net Investment in Capital Assets | 1,635,202 | 1,695,155 | (59,953) |
| Restricted | 445,324 | 238,967 | 206,357 |
| Unrestricted | 1,557,424 | 1,324,471 | 232,953 |
| Total Net Position | \$3,637,950 | \$3,258,593 | \$379,357 |

Total assets of governmental activities increased \$853,150. Current assets increased by \$978,110 due primarily to increased property tax receivable resulting from the passage of a one mill levy to be used for current operating expenses, for purchasing equipment of buildings, and for improvements to buildings. Capital assets decreased \$124,960 due primarily to depreciation expense which was offset slightly by capital asset additions.

Total net position of the School District's governmental activities increased \$379,357. Unrestricted net position reflects an increase of \$232,953 due to increased property tax revenue while net investment in capital assets, decreased primary due to annual depreciation expense and was offset by asset additions and annual debt service payments.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2014 and 2013.

| Table 2 | | | |
|--|--------------------|--------------------|------------------|
| Changes in Net Position | | | |
| Governmental Activities | | | |
| | 2014 | 2013 | Change |
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services and Sales | \$256,412 | \$256,628 | (\$216) |
| Operating Grants and Contributions | 848,888 | 619,029 | 229,859 |
| Capital Grants and Contributions | 7,000 | 0 | 7,000 |
| Total Program Revenues | 1,112,300 | 875,657 | 236,643 |
| General Revenues | | | |
| Property Taxes | 2,457,275 | 1,673,593 | 783,682 |
| Grants and Entitlements not Restricted to Specific Programs | 2,342,429 | 2,475,472 | (133,043) |
| Investments | 3,749 | 7,864 | (4,115) |
| Other | 22,540 | 11,204 | 11,336 |
| Total General Revenues | 4,825,993 | 4,168,133 | 657,860 |
| Total Revenues | 5,938,293 | 5,043,790 | 894,503 |
| Program Expenses | | | |
| Instruction | | | |
| Regular | 218,828 | 188,734 | 30,094 |
| Special | 282,071 | 241,903 | 40,168 |
| Vocational | 2,698,762 | 2,397,112 | 301,650 |
| Adult/Continuing | 10,279 | 8,993 | 1,286 |
| Student Intervention Services | 1,322 | 0 | 1,322 |
| Support Services | | | |
| Pupil | 243,687 | 216,265 | 27,422 |
| Instructional Staff | 320,018 | 333,717 | (13,699) |
| Board of Education | 60,614 | 55,036 | 5,578 |
| Administration | 343,414 | 258,002 | 85,412 |
| Fiscal | 367,545 | 249,213 | 118,332 |
| Operation and Maintenance of Plant | 779,905 | 708,029 | 71,876 |
| Central | 22,258 | 24,965 | (2,707) |
| Food Service Operations | 192,243 | 190,430 | 1,813 |
| Interest and Fiscal Charges | 17,990 | 37,314 | (19,324) |
| Total Expenses | 5,558,936 | 4,909,713 | 649,223 |
| Increase in Net Position | 379,357 | 134,077 | 245,280 |
| Net Position Beginning of Year | 3,258,593 | 3,124,516 | 134,077 |
| Net Position End of Year | \$3,637,950 | \$3,258,593 | \$379,357 |

In 2014, 41 percent of the School District's revenues were from property taxes and 39 percent were from unrestricted grants and entitlements. Operating grants and contributions increased primarily due to Transition to Work funding received by the School District in fiscal year 2014. The School District received a private contribution in the amount of \$7,000 to be used towards the purchase of a van which is reflected as capital grants and contributions revenues.

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

Instructional programs comprise approximately 58 percent of total governmental program expenses, an increase of \$374,520 from fiscal year 2013. Overall, program expenses of the School District increased by \$649,223. The largest increase being reflected in vocational instruction due the restoration of spending reductions which had been eliminated prior to the passage of the new levy in fiscal year 2014.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2014 and 2013. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---------------------------------------|-------------------------------|--------------------|-----------------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Instruction | | | | |
| Regular | \$218,828 | \$188,734 | \$188,783 | \$188,734 |
| Special | 282,071 | 241,903 | 222,295 | (221) |
| Vocational | 2,698,762 | 2,397,112 | 1,944,588 | 1,998,391 |
| Adult/Continuing | 10,279 | 8,993 | 10,279 | 8,993 |
| Student Intervention Services | 1,322 | 0 | 1,322 | 0 |
| Support Services | | | | |
| Pupil | 243,687 | 216,265 | 224,779 | 216,265 |
| Instructional Staff | 320,018 | 333,717 | 316,964 | 328,843 |
| Board of Education | 60,614 | 55,036 | 60,614 | 55,036 |
| Administration | 343,414 | 258,002 | 343,414 | 258,002 |
| Fiscal | 367,545 | 249,213 | 366,833 | 248,517 |
| Operation and Maintenance of Plant | 779,905 | 708,029 | 772,829 | 701,861 |
| Central | 22,258 | 24,965 | 8,616 | 2,974 |
| Food Service Operations | 192,243 | 190,430 | (32,670) | (10,653) |
| Interest and Fiscal Charges | 17,990 | 37,314 | 17,990 | 37,314 |
| Total Expenses | \$5,558,936 | \$4,909,713 | \$4,446,636 | \$4,034,056 |

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 80 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund, and the Permanent Improvement Capital Projects fund. The General Fund had \$5,100,045 in revenues and \$4,926,391 in expenditures, and the Permanent Improvement Fund had \$319,750 in revenues and \$181,546 in expenditures. Overall, including other financing sources (uses), the General Fund's balance increased \$86,889, and the Permanent Improvement Fund's balance increased \$138,204.

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

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 2014 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and final appropriations reflect increases in almost all expenditure line-items. The changes between original and final estimated revenues reflect an increase in property taxes and intergovernmental revenues. There were no significant changes between the final and actual budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$2,450,451 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

See Note 8 for more detailed information of the School District's capital assets.

**Table 4
Capital Assets Net of Depreciation**

| | Government Activities | |
|----------------------------|-----------------------|--------------------|
| | 2014 | 2013 |
| Land | \$88,229 | \$88,229 |
| Land Improvements | 41,956 | 55,692 |
| Buildings and Improvements | 2,126,057 | 2,260,457 |
| Furniture and Equipment | 155,685 | 171,033 |
| Vehicles | 38,524 | 0 |
| Totals | <u>\$2,450,451</u> | <u>\$2,575,411</u> |

Debt

At June 30, 2014, the School District had \$815,249 in bonds outstanding.

**Table 5
Outstanding Debt at Year End**

| | Governmental Activities | |
|--|-------------------------|------------------|
| | 2014 | 2013 |
| 2010 Energy Conservation Qualified School Construction Serial Bonds | <u>\$815,249</u> | <u>\$880,256</u> |

See Note 13 for more detailed information on the School District's debt.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

Economic Factors

Breezewood Manor Subdivision:

The Breezewood Manor Subdivision project was fully implemented by 2003. Five parcels of land were subdivided and declared no longer needed for any School District purpose and authorized for sale at public auction in accordance with the provisions of O.R.C. 3313.41.

A major expense to implement the project was the development of the subdivision. Completing the excavation and building a road to meet specifications for the township to assume responsibility for future upkeep and care, and installing county water and sewer lines, as well as providing electrical service that meets all development requirements established by the Planning Commission was approximately \$290,000. This debt was repaid in fiscal year 2008. This project was not designed to be "for profit" and was not in competition with construction trades.

At June 30, 2010 the senior carpentry instructor retired. The Board of Education decided not to fill this position for financial reasons. The junior carpentry instructor assumed the lead in the Breezewood Manor Subdivision. House six was auctioned on October 28, 2012. The Board of Education met on November 8, 2012 and accepted the bid of \$125,000, nearly \$50,000 less than anticipated when compared to the rest of the subdivision. The \$11,000 profit did not provide enough revenue to start house seven, resulting in the need to utilize the General Fund to cover the costs of start-up material. House seven, the last house for the project was started in the spring of 2013 and it should be ready for auction by the fall of 2014 or spring of 2015. The Board of Education is considering whether or not this will be the final house in the sub division. There are no more lots available. The major areas to consider include: Cost. In order to continue the sub division, the development would need to be extended into the area of land directly behind the School. Even though this was the original plan and was the reason the cul-de-sac was originally constructed, the estimated cost for extending the road is in excess of \$500,000. There also would be sanitary sewer issues. The Board of Education may choose to build modular homes to be pre-sold or auctioned; however, space to build as well as hauling are issues to be considered.

HB 264 Energy Conservation Project:

In September of 2009, the Board of Education entered into a Performance Contract with Johnson Control Inc. to perform building improvements in conjunction with a House Bill 264 project. The scope of the work was split into 4 phases:

1. Lighting system improvements-replacing existing lighting, reflector kits, fixtures, motion sensors, ballasts reducing energy consumption.
2. Building envelope improvements-replacing weather stripping on 12 single, 11 double commercial and 3 over size doors, caulking and sealing of 2400 linear feet of exposed roof wall seam.
3. Penthouse HVAC Renovations (2)-replacing bearings, heating coils, expansion coils, and condensing units.
4. Water Conservation-replacement of lavatory faucets, urinals, water closets, shower heads and kitchen faucets and replaced to reduce water consumption.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

In February, 2010 the School District received approval from the Ohio Department of Education to participate in the State Credit Enhancement Program, created under Ohio Revised Code Section 3317.18 for \$1,078,690 of Qualified School Construction Bonds. These Energy Conservation Notes, Series 2010 have a fifteen year pay back schedule with a coupon rate of 2.170 percent. The estimated project benefits is estimated by Johnson Controls Inc. to be \$1,278,660 at the end of the fifteen year period and the total principal and interest payments are estimated to be \$1,261,621 at the end of the fifteen year period.

Major Items:

With the passage of the additional 1 mill levy, the School District was able to start the first section of the roof project, with additional projects to include updates to the welding lab, updates to the playground, and necessary technology purchases. Fiscal year 2015 is the first year of full collection of the additional money. However, it is also the first year of making the above necessary expenditures. Fiscal year 2015 is the only year in the most recent five year forecast where the School District has forecasted expenditures exceeding revenue.

At this time the Superintendent has not planned any new programs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonmore, Treasurer/CFO at Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Jefferson County Joint Vocational School District

Statement of Net Position

June 30, 2014

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$1,012,871 |
| Accounts Receivable | 199,244 |
| Intergovernmental Receivable | 13,565 |
| Materials and Supplies Inventory | 14,947 |
| Property Taxes Receivable | 2,970,890 |
| Cash and Cash Equivalents with Fiscal Agents | 1,060,757 |
| Assets Held for Resale | 94,048 |
| Non-Depreciable Capital Assets | 88,229 |
| Depreciable Capital Assets, Net | <u>2,362,222</u> |
| <i>Total Assets</i> | <u>7,816,773</u> |
| Liabilities | |
| Accounts Payable | 29,903 |
| Accrued Wages and Benefits Payable | 335,890 |
| Intergovernmental Payable | 55,662 |
| Matured Severance Payable | 6,870 |
| Accrued Interest Payable | 5,089 |
| Claims Payable | 159,492 |
| Long-Term Liabilities: | |
| Due Within One Year | 91,250 |
| Due In More Than One Year | <u>1,011,707</u> |
| <i>Total Liabilities</i> | <u>1,695,863</u> |
| Deferred Inflows of Resources | |
| Property Taxes not Levied to Finance Current Year Operations | <u>2,482,960</u> |
| Net Position | |
| Net Investment in Capital Assets | 1,635,202 |
| Restricted for: | |
| Capital Projects | 313,100 |
| Food Service Operations | 100,474 |
| State Programs | 3 |
| Federal Programs | 1,465 |
| Budget Stabilization | 17,604 |
| Other Purposes | 12,678 |
| Unrestricted | <u>1,557,424</u> |
| <i>Total Net Position</i> | <u><u>\$3,637,950</u></u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--------------------------------------|--------------------|-----------------------------------|---------------------------------------|--|----------------------------|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| Instruction: | | | | | |
| Regular | \$218,828 | \$0 | \$30,045 | \$0 | (\$188,783) |
| Special | 282,071 | 0 | 59,776 | 0 | (222,295) |
| Vocational | 2,698,762 | 161,409 | 585,765 | 7,000 | (1,944,588) |
| Adult/Continuing | 10,279 | 0 | 0 | 0 | (10,279) |
| Student Intervention Services | 1,322 | 0 | 0 | 0 | (1,322) |
| Support Services: | | | | | |
| Pupil | 243,687 | 0 | 18,908 | 0 | (224,779) |
| Instructional Staff | 320,018 | 0 | 3,054 | 0 | (316,964) |
| Board of Education | 60,614 | 0 | 0 | 0 | (60,614) |
| Administration | 343,414 | 0 | 0 | 0 | (343,414) |
| Fiscal | 367,545 | 0 | 712 | 0 | (366,833) |
| Operation and Maintenance of Plant | 779,905 | 0 | 7,076 | 0 | (772,829) |
| Central | 22,258 | 0 | 13,642 | 0 | (8,616) |
| Food Service Operations | 192,243 | 95,003 | 129,910 | 0 | 32,670 |
| Interest and Fiscal Charges | 17,990 | 0 | 0 | 0 | (17,990) |
| Total Governmental Activities | \$5,558,936 | \$256,412 | \$848,888 | \$7,000 | (4,446,636) |

General Revenues

| | |
|---|-----------|
| Property Taxes Levied for General Purposes | 2,123,282 |
| Property Taxes Levied for Capital Projects | 333,993 |
| Grants and Entitlements not Restricted to Specific Programs | 2,342,429 |
| Gifts and Donations | 3,650 |
| Investment Earnings | 3,749 |
| Miscellaneous | 18,890 |

Total General Revenues 4,825,993

Change in Net Position 379,357

Net Position Beginning of Year 3,258,593

Net Position End of Year \$3,637,950

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2014

| | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$622,536 | \$270,023 | \$102,708 | \$995,267 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 17,604 | 0 | 0 | 17,604 |
| Receivables: | | | | |
| Property Taxes | 2,483,847 | 487,043 | 0 | 2,970,890 |
| Intergovernmental | 0 | 0 | 13,565 | 13,565 |
| Interfund | 1,682 | 0 | 0 | 1,682 |
| Assets Held for Resale | 94,048 | 0 | 0 | 94,048 |
| Materials and Supplies Inventory | 0 | 0 | 14,947 | 14,947 |
| <i>Total Assets</i> | <u>\$3,219,717</u> | <u>\$757,066</u> | <u>\$131,220</u> | <u>\$4,108,003</u> |
| Liabilities | | | | |
| Accounts Payable | \$19,039 | \$10,864 | \$0 | \$29,903 |
| Accrued Wages and Benefits Payable | 326,873 | 0 | 9,017 | 335,890 |
| Interfund Payable | 0 | 0 | 1,682 | 1,682 |
| Matured Severance Payable | 6,870 | 0 | 0 | 6,870 |
| Intergovernmental Payable | 49,761 | 0 | 5,901 | 55,662 |
| <i>Total Liabilities</i> | <u>402,543</u> | <u>10,864</u> | <u>16,600</u> | <u>430,007</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes not Levied to Finance Current Year Operations | 2,049,858 | 433,102 | 0 | 2,482,960 |
| Unavailable Revenue | 218,537 | 43,773 | 0 | 262,310 |
| <i>Total Deferred Inflows of Resources</i> | <u>2,268,395</u> | <u>476,875</u> | <u>0</u> | <u>2,745,270</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Materials and Supplies Inventory | 0 | 0 | 14,947 | 14,947 |
| Assets Held for Resale | 94,048 | 0 | 0 | 94,048 |
| Restricted for: | | | | |
| Capital Projects | 0 | 269,327 | 0 | 269,327 |
| Food Service Operations | 0 | 0 | 85,527 | 85,527 |
| Budget Stabilization | 17,604 | 0 | 0 | 17,604 |
| State Programs | 0 | 0 | 3 | 3 |
| Federal Programs | 0 | 0 | 1,465 | 1,465 |
| Other Purposes | 0 | 0 | 12,678 | 12,678 |
| Committed for Repairs and Building Maintenance | 395,730 | 0 | 0 | 395,730 |
| Assigned to: | | | | |
| Future Appropriations | 41,397 | 0 | 0 | 41,397 |
| <i>Total Fund Balances</i> | <u>548,779</u> | <u>269,327</u> | <u>114,620</u> | <u>932,726</u> |
| <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | <u>\$3,219,717</u> | <u>\$757,066</u> | <u>\$131,220</u> | <u>\$4,108,003</u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014*

| | |
|--|-------------------------------|
| Total Governmental Fund Balances | \$932,726 |
| <i>Amounts reported for governmental activities in the Statement of Net Position are different because</i> | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 2,450,451 |
| Other long-term assets are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds. | |
| Property Taxes | 262,310 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. | 1,100,509 |
| In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | (5,089) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| General Obligation Bonds | 815,249 |
| Compensated Absences | <u>287,708</u> |
| Total | <u>(1,102,957)</u> |
| <i>Net Position of Governmental Activities</i> | <u><u>\$3,637,950</u></u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

| | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|---|------------------|--------------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Property Taxes | \$2,052,818 | \$301,318 | \$0 | \$2,354,136 |
| Intergovernmental | 2,859,922 | 18,432 | 312,963 | 3,191,317 |
| Interest | 6 | 0 | 0 | 6 |
| Tuition and Fees | 142,012 | 0 | 0 | 142,012 |
| Extracurricular Activities | 19,397 | 0 | 0 | 19,397 |
| Gifts and Donations | 7,000 | 0 | 3,650 | 10,650 |
| Charges for Services | 0 | 0 | 95,003 | 95,003 |
| Miscellaneous | 18,890 | 0 | 0 | 18,890 |
| <i>Total Revenues</i> | <u>5,100,045</u> | <u>319,750</u> | <u>411,616</u> | <u>5,831,411</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 224,160 | 0 | 0 | 224,160 |
| Special | 288,783 | 0 | 0 | 288,783 |
| Vocational | 2,345,137 | 104,836 | 174,574 | 2,624,547 |
| Adult/Continuing | 8,938 | 0 | 0 | 8,938 |
| Student Intervention Services | 1,322 | 0 | 0 | 1,322 |
| Support Services: | | | | |
| Pupil | 248,609 | 0 | 0 | 248,609 |
| Instructional Staff | 322,887 | 0 | 5,681 | 328,568 |
| Board of Education | 60,800 | 0 | 0 | 60,800 |
| Administration | 320,809 | 0 | 0 | 320,809 |
| Fiscal | 358,862 | 7,009 | 0 | 365,871 |
| Operation and Maintenance of Plant | 737,468 | 69,701 | 0 | 807,169 |
| Central | 8,616 | 0 | 13,642 | 22,258 |
| Food Service Operations | 0 | 0 | 188,885 | 188,885 |
| Capital Outlay | 0 | 0 | 8,800 | 8,800 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 65,007 | 65,007 |
| Interest and Fiscal Charges | 0 | 0 | 18,396 | 18,396 |
| <i>Total Expenditures</i> | <u>4,926,391</u> | <u>181,546</u> | <u>474,985</u> | <u>5,582,922</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>173,654</u> | <u>138,204</u> | <u>(63,369)</u> | <u>248,489</u> |
| Other Financing Sources (Uses) | | | | |
| Insurance Recoveries | 12,082 | 0 | 0 | 12,082 |
| Transfers In | 0 | 0 | 98,847 | 98,847 |
| Transfers Out | (98,847) | 0 | 0 | (98,847) |
| Total Other Financing Sources (Uses) | <u>(86,765)</u> | <u>0</u> | <u>98,847</u> | <u>12,082</u> |
| <i>Net Change in Fund Balances</i> | 86,889 | 138,204 | 35,478 | 260,571 |
| <i>Fund Balances Beginning of Year</i> | <u>461,890</u> | <u>131,123</u> | <u>79,142</u> | <u>672,155</u> |
| <i>Fund Balances End of Year</i> | <u>\$548,779</u> | <u>\$269,327</u> | <u>\$114,620</u> | <u>\$932,726</u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

| | |
|--|-----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$260,571 |
| <i>Amounts reported for governmental activities in the Statement of Activities are different because</i> | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. | |
| Capital Asset Additions | 117,381 |
| Depreciation | <u>(223,303)</u> |
| Total | (105,922) |
| Capital Assets removed from the capital asset account on the Statement of Net Position results in a gain or loss on disposal of capital assets on the Statement of Activities | (19,038) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds: | |
| Property Taxes | 103,139 |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | |
| General Obligation Bonds | 65,007 |
| Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities. | 406 |
| 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. | |
| Compensated Absences Payable | 2,886 |
| The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities. | <u>72,308</u> |
| <i>Change in Net Position of Governmental Activities</i> | <u><u>\$379,357</u></u> |
| See accompanying notes to the basic financial statements | |

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| Revenues | | | | |
| Property Taxes | \$1,685,581 | \$1,965,184 | \$1,979,184 | \$14,000 |
| Intergovernmental | 2,467,711 | 2,866,146 | 2,866,146 | 0 |
| Interest | 6 | 6 | 6 | 0 |
| Tuition and Fees | 121,042 | 142,012 | 142,012 | 0 |
| Extracurricular | 19,397 | 19,397 | 19,397 | 0 |
| Gifts and Donations | 7,000 | 7,000 | 7,000 | 0 |
| Miscellaneous | 18,865 | 18,865 | 18,890 | 25 |
| <i>Total Revenues</i> | <u>4,319,602</u> | <u>5,018,610</u> | <u>5,032,635</u> | <u>14,025</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 187,273 | 225,566 | 225,565 | 1 |
| Special | 241,326 | 287,278 | 286,940 | 338 |
| Vocational | 2,097,227 | 2,456,096 | 2,449,917 | 6,179 |
| Adult/Continuing | 8,938 | 8,938 | 8,938 | 0 |
| Student Intervention Services | 0 | 2,251 | 1,322 | 929 |
| Support Services: | | | | |
| Pupil | 218,555 | 256,848 | 256,850 | (2) |
| Instructional Staff | 270,711 | 316,163 | 316,164 | (1) |
| Board of Education | 63,038 | 70,697 | 70,698 | (1) |
| Administration | 273,483 | 327,093 | 327,082 | 11 |
| Fiscal | 320,407 | 374,017 | 371,281 | 2,736 |
| Operation and Maintenance of Plant | 979,753 | 1,094,632 | 1,094,635 | (3) |
| Central | 8,716 | 8,716 | 8,716 | 0 |
| <i>Total Expenditures</i> | <u>4,669,427</u> | <u>5,428,295</u> | <u>5,418,108</u> | <u>10,187</u> |
| Excess of Revenues Under Expenditures | <u>(349,825)</u> | <u>(409,685)</u> | <u>(385,473)</u> | <u>24,212</u> |
| Other Financing Sources (Uses) | | | | |
| Insurance Recoveries | 12,082 | 12,082 | 12,082 | 0 |
| Advances In | 65,205 | 65,205 | 51,000 | (14,205) |
| Advances Out | (15,887) | (15,887) | (1,682) | 14,205 |
| Transfers In | 201,857 | 201,857 | 0 | (201,857) |
| Transfers Out | (300,704) | (300,704) | (98,847) | 201,857 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(37,447)</u> | <u>(37,447)</u> | <u>(37,447)</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (387,272) | (447,132) | (422,920) | 24,212 |
| <i>Fund Balance Beginning of Year</i> | 584,794 | 584,794 | 584,794 | 0 |
| Prior Year Encumbrances Appropriated | 45,704 | 45,704 | 45,704 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$243,226</u> | <u>\$183,366</u> | <u>\$207,578</u> | <u>\$24,212</u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2014

| | Governmental Activity |
|---|--------------------------|
| | Internal Service Fund |
| Current Assets | |
| Cash and Cash Equivalents with Fiscal Agent | \$1,060,757 |
| Accounts Receivable | 199,244 |
| <i>Total Assets</i> | <i>\$1,260,001</i> |
| Current Liabilities | |
| Claims Payable | 159,492 |
| Net Position | |
| Unrestricted | 1,100,509 |
| <i>Total Net Position</i> | <i>\$1,100,509</i> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

| | Governmental Activity <u>Internal Service Fund</u> |
|---------------------------------------|---|
| Operating Revenues | |
| Charges for Services | \$966,182 |
| Other Operating Revenues | <u>199,244</u> |
| <i>Total Operating Revenues</i> | <u>1,165,426</u> |
| Operating Expenses | |
| Purchased Services | 178,933 |
| Claims | <u>917,928</u> |
| <i>Total Operating Expenses</i> | <u>1,096,861</u> |
| <i>Operating Income</i> | 68,565 |
| Non-Operating Revenues | |
| Interest | <u>3,743</u> |
| <i>Change in Net Position</i> | 72,308 |
| <i>Net Position Beginning of Year</i> | <u>1,028,201</u> |
| <i>Net Position End of Year</i> | <u><u>\$1,100,509</u></u> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

| | Governmental Activity |
|---|--------------------------|
| | Internal Service Fund |
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities | |
| Cash Received from Interfund Services | \$966,182 |
| Cash Payments for Goods and Services | (178,933) |
| Cash Payments for Claims | (1,286,214) |
| Cash Received from Other Operating Revenue | 461,056 |
| <i>Net Cash Used for Operating Activities</i> | <i>(37,909)</i> |
| Cash Flows from Investing Activities | |
| Interest | 3,743 |
| <i>Net Cash Provided by Investing Activities</i> | <i>3,743</i> |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (34,166) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | <i>1,094,923</i> |
| <i>Cash and Cash Equivalents End of Year</i> | <i>\$1,060,757</i> |
| Reconciliation of Operating Income to Net Cash Used for Operating Activities | |
| Operating Income | \$68,565 |
| Increase in Accounts Receivable | (199,244) |
| Increase in Claims Payable | 92,770 |
| <i>Net Cash Used for Operating Activities</i> | <i>(\$37,909)</i> |

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2014

| | <u>Agency</u> |
|--|------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$42,440</u> |
| <i>Total Assets</i> | <u><u>\$42,440</u></u> |
| Liabilities | |
| Due to Students | <u>\$42,440</u> |
| <i>Total Liabilities</i> | <u><u>\$42,440</u></u> |

See accompanying notes to the basic financial statements

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Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational 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. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts'.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. September, 1975 the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the District is staffed by 4 administrative employees, 19 non-certificated employees and 29 certificated personnel who provide services to 333 students and other community members.

Reporting Entity:

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

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

The School District participated in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), and the Coalition of Rural and Appalachian Schools (CORAS), jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 15 and 16.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jefferson County Joint Vocational 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 more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for a permanent improvement levy used to finance various capital projects at the School District.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of outflows/deferred inflows of resources, 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 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports no deferred outflows.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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

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

E. Cash and Cash Equivalents

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

The School District has cash with a fiscal agent held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the Statement of Net Position as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2014, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for at June 30, 2014.

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$6 which includes \$2, assigned from other School District funds.

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

F. 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 in the General Fund include amounts required by State Statute to be set aside to create a reserve for budget stabilization. See Note 17 for additional information regarding set-asides.

G. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on land owned by the School District for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District's General Fund for reporting purposes.

During fiscal year 2004, the School District completed and sold one house, as well as completed the road and water and sewer assets that were given to the township and county respectively. During fiscal year 2005, the School District completed and sold a second house. The proceeds from the sale offset the

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2005 activity. During fiscal year 2007, the School District completed and sold a third house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2007 activity. During fiscal year 2008, the School District completed and sold a fourth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2008 activity. During fiscal year 2010, the School District completed and sold a fifth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2010 activity. During fiscal year 2013, the School District completed and sold a sixth house and began construction of a seventh house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2013 activity. The value of the seventh home being constructed at June 30, 2014 is \$94,048 and is recorded as an asset held for resale at June 30, 2014.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

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

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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 are depreciated except for land. 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:

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

| <u>Description</u> | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Land | N/A |
| Land Improvements | 20 Years |
| Buildings and Improvements | 10-50 Years |
| Furniture and Equipment | 5-10 Years |
| Vehicles | 5-20 Years |

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year service.

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

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

O. 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 legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2014, the School District has a committed fund balance of \$395,730 for repairs and building maintenance.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District Board of Education to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represents fiscal year 2015 appropriations which exceed estimated resources.

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

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

P. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, 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 position 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 position restricted for other purposes include local receipts restricted for student programs. Of the restricted net position none has resulted from enabling legislation.

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

Q. Operating Revenues and Expenses

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

R. Extraordinary and Special Items

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

S. 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.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

T. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

The appropriation resolution is subject to amendment by the Board throughout the 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 3 - 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) General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance

| | <u>General</u> |
|----------------------|---------------------------|
| GAAP Basis | \$86,889 |
| Revenue Accruals | (67,410) |
| Advances In | 51,000 |
| Expenditure Accruals | (59,155) |
| Advance Out | (1,682) |
| Encumbrances | <u>(432,562)</u> |
| Budget Basis | <u><u>(\$422,920)</u></u> |

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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.

At June 30, 2014, the School District's internal service fund had a balance of \$1,060,757 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 16). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

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 year end, the bank balance was \$1,147,936. Of the bank balance, \$250,000 was covered by Federal depository insurance and the remaining balance of \$897,936 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no policy for custodial risk for deposits 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.

Investments

As of June 30, 2014, the School District had an investment in Star Ohio. The fair value of Star Ohio was \$28,443, and the investment has an average maturity of 51.4 days.

Interest Rate Risk. The School District has no investment policy that addresses interest rate risk. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Custodial Credit Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 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 Jefferson, Harrison, Carroll and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes not levied to finance current year operations.

The amount available as an advance at June 30, 2014 was \$215,452 in the General Fund and \$10,168 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2013, was \$141,818 in the General Fund and \$6,619 in the Permanent Improvement Capital Projects Fund.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

The assessed values upon which the fiscal year 2014 taxes were collected are:

| | 2013 Second Half Collections | | 2014 First Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential And Other Real Estate | \$917,680,295 | 77.48% | \$922,007,140 | 76.36% |
| Public Utility Personal | 266,706,160 | 22.52% | 285,393,070 | 23.64% |
| | <u>\$1,184,386,455</u> | <u>100.00%</u> | <u>\$1,207,400,210</u> | <u>100.00%</u> |
| Tax Rate per \$1,000 of assessed valuation | \$1.50 | | \$2.50 | |

A one mill, seven year general operating levy was passed on November 5, 2013. Collections began in calendar year 2014.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2014, consisted of property taxes, interfund, accounts, 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 and recorded as a receivable in the amount of \$262,310 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

| <u>Governmental Activities</u> | Amount |
|-------------------------------------|-----------------|
| Perkins Grant | \$1,682 |
| Federal Food Subsidy | 11,883 |
| Total Intergovernmental Receivables | <u>\$13,565</u> |

NOTE 7 - INTERNAL BALANCES AND TRANSFERS

Interfund balances at June 30, 2014 consisted of the following individual interfund receivables and payables:

| <u>Interfund Payable</u> | Interfund Receivable General Fund |
|-----------------------------|--------------------------------------|
| Other Nonmajor Governmental | <u>\$1,682</u> |

The loan was made to the Perkins Grant Special Revenue Fund. The loan was made to support the program until grant monies are received to operate the programs.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Interfund transfers for the year ended June 30, 2014 consisted of the following:

| | |
|--|--|
| | <u>Transfers to</u> <u>Other Non-major</u> <u>Governmental</u> |
| <u>Transfers from</u> <u>General Fund</u> | <u>\$98,847</u> |

Transfers from the General Fund were used to provide revenue to the Miscellaneous State Grants Special Revenue Fund to cover operating costs, to the HB264 Capital Projects Fund to cover capital costs, and to the Debt Service Fund to provide scheduled debt service payments of the 2010 Energy Conservation Qualified School Construction Bonds.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

| | Balance 6/30/13 | Additions | Deletions | Balance 6/30/14 |
|---------------------------------------|--------------------|--------------------|-------------------|--------------------|
| Nondepreciable Capital Assets: | | | | |
| Land | \$88,229 | \$0 | \$0 | \$88,229 |
| Total Nondepreciable Capital Assets | <u>88,229</u> | <u>0</u> | <u>0</u> | <u>88,229</u> |
| Depreciable Capital Assets: | | | | |
| Land Improvements | 142,091 | 0 | (51,598) | 90,493 |
| Buildings and Improvements | 6,089,712 | 24,824 | 0 | 6,114,536 |
| Furniture and Equipment | 2,461,393 | 52,704 | (139,116) | 2,374,981 |
| Vehicles | 32,030 | 39,853 | 0 | 71,883 |
| Total Depreciable Capital Assets | <u>8,725,226</u> | <u>117,381</u> | <u>(190,714)</u> | <u>8,651,893</u> |
| Accumulated Depreciation: | | | | |
| Land Improvements | (86,399) | (4,446) | 42,308 | (48,537) |
| Buildings and Improvements | (3,829,255) | (159,224) | 0 | (3,988,479) |
| Furniture and Equipment | (2,290,360) | (58,304) | 129,368 | (2,219,296) |
| Vehicles | (32,030) | (1,329) | 0 | (33,359) |
| Total Accumulated Depreciation | <u>(6,238,044)</u> | <u>(223,303)</u> | <u>171,676</u> | <u>(6,289,671)</u> |
| Total Depreciable Capital Assets, Net | <u>2,487,182</u> | <u>(105,922)</u> | <u>(19,038)</u> | <u>2,362,222</u> |
| Governmental Capital Assets, Net | <u>\$2,575,411</u> | <u>(\$105,922)</u> | <u>(\$19,038)</u> | <u>\$2,450,451</u> |

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------------------|------------------|
| Instruction: | |
| Vocational | \$183,438 |
| Adult/Continuing | 226 |
| Support Services: | |
| Administration | 6,369 |
| Fiscal | 1,592 |
| Operation of Maintenance and Plant | 28,320 |
| Food Service Operations | 3,358 |
| Total Depreciation Expense | <u>\$223,303</u> |

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014 the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 16) for property, general liability, and auto insurance. Coverages provided are as follows:

A. Property and Liability

| | |
|--|--------------|
| <i>Property - Including Inland Marine and Miscellaneous Equipment:</i> | |
| Building and Contents-replacement cost (no deductible) | \$20,849,456 |
| <i>Crime Cover:</i> | |
| Employee Dishonesty | \$100,000 |
| Forgery | \$100,000 |
| Computer Fraud | \$100,000 |
| Theft, Disappearance, and Destruction | \$100,000 |
| <i>General Liability:</i> | |
| Each Occurance | 15,000,000 |
| Aggregated Limit | 17,000,000 |
| <i>Automobile Liability:</i> | |
| Owned/Leased Vehicles | 15,000,000 |
| Medical Payments - Occurance | 10,000 |
| Medical Payments - Aggregate | 25,000 |
| Uninsured Motorist - Occurance | 1,000,000 |
| <i>School Boards Error and Omissions:</i> | |
| Each Occurance | 12,000,000 |

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

In addition, insurance coverage through Westfield Insurance Company is provided for builders risk insurance for the housing division subdivision project at Breezewood Manor. It provides coverage for \$100,000 liability and \$1,000 inland marine with no deductibles.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

B. Worker's Compensation

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

C. Employee Benefits

Medical/surgical, prescription drug, life and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is \$1,140.90 for individual coverage per month and \$2,264.12 for family coverage per month which represents 93 percent of the total premium for the certified staff and \$1,165.43 for individual coverage per month and \$2,312.81 for family coverage per month which represents 95 percent of the total premium for the classified staff. The premium is paid from the fund that pays the salary of the covered employee. Prescription drug coverage is included with the medical/surgical premium. Premiums for the dental coverage are \$100.59 per month for family coverage and \$45.41 per month for single coverage for the certified staff and \$102.76 per month for family coverage and \$46.38 per month for single coverage for the classified staff the Board's share of dental coverage premiums are 93 percent and 95 percent, respectively.

The claims liability of \$159,492 reported in the Internal Service Fund at June 30, 2014 is based on an estimate calculated by averaging the past three fiscal years claims payable amounts and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

| <u>Program</u> | <u>Beginning Balance</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Ending Balance</u> |
|--------------------------------------|--------------------------|--------------------------------|----------------------------|-----------------------|
| Self Insurance - Health | | | | |
| 2013 | \$90,507 | \$408,930 | \$432,715 | \$66,722 |
| 2014 | 66,722 | 1,117,172 (1) | 1,024,402 (2) | 159,492 |
| (1) Claims Expense | | \$917,928 | | |
| Net Increase in Stop Loss Receivable | | 199,244 | | |
| Current Year Claims | | <u>\$1,117,172</u> | | |
| (2) Cash Payments for Claims | | | \$1,286,214 | |
| - Stop Loss Received for 2014 Claims | | | <u>(261,812)</u> | |
| Claims Payments | | | <u>\$1,024,402</u> | |

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$67,553, 62,467, and \$60,043 respectively. For fiscal year 2014, 96.43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$235,196 and \$0 for fiscal year ended June 30, 2014, \$228,688 and \$0 for the fiscal year ended June 30, 2013, and \$250,592 and \$0 for the fiscal year ended June 30, 2012. For fiscal year 2014, 93.7 percent has been contributed for the DB Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The School District had no members contributing to STRS Ohio for the DC Plan or for the defined contribution portion of the Combined Plan for fiscal year 2014.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State Statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 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 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$7,256 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012, were \$722, \$763 and \$2,600 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$3,919, \$3,529 and \$3,546, respectively. For fiscal year 2014, 96.43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$19,418, \$18,596, and \$20,879 respectively. For fiscal year 2014, 93.7 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of \$45,000 for all certified teachers and classified employees at a total monthly premium of \$7.07 and coverage of \$50,000 for administrators at a total monthly premium of \$7.85. The School District provides vision insurance through Vision Service Plan at a cost of \$9.46 for single coverage and \$21.16 for family coverage per month.

NOTE 13 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2014 were as follows:

| | Outstanding 6/30/13 | Additions | Deductions | Outstanding 6/30/14 | Amounts Due Within One Year |
|---|------------------------|-----------------|------------------|------------------------|-----------------------------------|
| <i>2010 Energy Conservation Qualified School Construction Bonds:</i> | | | | | |
| Serial Bonds, \$1,078,690 @ 2.170% | \$880,256 | \$0 | \$65,007 | \$815,249 | \$66,417 |
| Compensated Absences | 290,594 | 51,375 | 54,261 | 287,708 | 24,833 |
| Total Long-Term Obligations | <u>\$1,170,850</u> | <u>\$51,375</u> | <u>\$119,268</u> | <u>\$1,102,957</u> | <u>\$91,250</u> |

2010 Energy Conservation Qualified School Construction Bonds – On March 17, 2010, Jefferson Joint Vocational School District issued \$1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor’s for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds outstanding at June 30, 2014 are as follows:

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|-------------------------------|------------------|------------------|------------------|
| 2015 | \$66,417 | \$16,970 | \$83,387 |
| 2016 | 67,858 | 15,514 | 83,372 |
| 2017 | 69,331 | 14,025 | 83,356 |
| 2018 | 70,835 | 12,504 | 83,339 |
| 2019 | 72,373 | 10,951 | 83,324 |
| 2020-2024 | 386,113 | 30,238 | 416,351 |
| 2025 | 82,322 | 892 | 83,214 |
| Total | <u>\$815,249</u> | <u>\$101,094</u> | <u>\$916,343</u> |

Compensated absences will be paid from the General Fund.

The School District's voted legal debt margin was \$107,850,770 with an unvoted debt margin of \$1,207,400, at June 30, 2014.

NOTE 14 - COMMITMENTS

A. Construction Commitments

On May 20, 2014, the School District entered into an agreement with Boak and Sons, Inc., in the amount of \$341,545 for completion of a roof replacement project. Subsequent to the original approval, additional change orders of \$5,692 were authorized for a total construction commitment of \$347,237. As of June 30, 2014, no amounts had been paid on the contract.

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| | |
|------------------------------------|------------------|
| General | \$432,562 |
| Permanent Improvement | 37,424 |
| Other Non-major Governmental Funds | <u>20,327</u> |
| Total | <u>\$490,313</u> |

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. The School District did not participate in the natural gas sales service program. During fiscal year 2014, the total amount paid to OME-RESA from the School District was \$9,499 for technology services and \$8,461 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including over 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers of data regarding conditions of education 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 Board exercise total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant’s control is limited to its representation on the Board. The School District’s membership fee was \$325 for fiscal year 2014.

NOTE 16 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Program, 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. The School District’s enrollment fee of \$540 for policy year 2014 was paid to CompManagement, Inc.

Schools of Ohio Risk Sharing Authority (SORSA) – The School District participates in the Schools of Ohio Risk Sharing Authority, a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred eight school districts, educational service centers and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participated in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official’s errors and omissions liability insurance.

B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans’ assembly. The Plans’ business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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 year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement 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 be returned to the 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 of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute.

The following cash basis information describes the change in the year-end set-aside amounts for, capital improvements, and budget stabilization. Disclosure of this information is required by State Statute.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

| | <u>Capital Improvements</u> | <u>Budget Stabilization</u> |
|--|---------------------------------|---------------------------------|
| Set-aside Restricted Balance as of June 30, 2013 | \$0 | \$17,604 |
| Current Year Set-aside Requirement | 54,605 | 0 |
| Current Year Offsets | <u>(330,201)</u> | <u>0</u> |
| Totals | <u>(\$275,596)</u> | <u>\$17,604</u> |
| Balance Carried Forward to Fiscal Year 2015 | <u>\$0</u> | <u>\$17,604</u> |
| Set-aside Restricted Balance as of June 30, 2014 | <u>\$0</u> | <u>\$17,604</u> |

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had prior year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was \$17,604.

NOTE 18 - 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, 2014.

B. Litigation

The School District is currently not a party to any pending litigation.

C. Paid Up Oil and Gas Lease

The Board of Education has entered into a "Paid-Up" Oil and Gas Lease effective October 12, 2011 and continuing for a period of five years with Hess Ohio Resources, LLC. In consideration of the execution of the leases, the School District received a bonus of \$445,540 during fiscal year 2012. The School District has a total of 89.108 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Hess Ohio Resources, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is \$87,355. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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Dave Yost • Auditor of State

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

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, Jefferson County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 14, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2016



Dave Yost • Auditor of State

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

JEFFERSON 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
MAY 10, 2016**