



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Ashland County - West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

November 30, 2001

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 637,625	\$ 163,604	\$ 13,184
Restricted Cash and Cash Equivalents	28,036	0	0
Receivables:			
Taxes	2,423,737	0	413,611
Accounts	0	11,124	0
Interfund	55,966	329	0
Intergovernmental	0	130,095	0
Prepaid Items	45,708	9,129	0
Materials and Supplies	0	0	0
Fixed Assets (Net)	0	0	0
Inventory Held for Resale	0	0	0
<u>Other Debits</u>			
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$ 3,191,072</u>	<u>\$ 314,281</u>	<u>\$ 426,795</u>
<u>Liabilities</u>			
Accounts Payable	\$ 17,927	\$ 4,240	\$ 0
Accrued Wages and Benefits	402,984	44,437	0
Compensated Absences Payable	60,136	842	0
Interfund Payable	0	56,295	0
Intergovernmental Payable	64,415	8,653	0
Deferred Revenue	2,150,180	64,728	366,928
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
General Obligation Bonds Payable	0	0	0
Total Liabilities	<u>2,695,642</u>	<u>179,195</u>	<u>366,928</u>
<u>Fund Equity and Other Credits</u>			
Investment in General Fixed Assets	0	0	0
Retained Earnings (Deficit)	0	0	0
Fund Balance:			
Reserve for Encumbrances	0	16,831	0
Reserved for Endowment	0	0	0
Reserved for BWC Refund	28,036	0	0
Reserved for Taxes Unavailable for Appropriation Designated	273,557	0	46,683
Unreserved: Undesignated	112,268	0	0
Unreserved: Undesignated	81,569	118,255	13,184
Total Fund Equity and Other Credits	<u>495,430</u>	<u>135,086</u>	<u>59,867</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 3,191,072</u>	<u>\$ 314,281</u>	<u>\$ 426,795</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 24,321	\$ 0	\$ 49,763	\$ 0	\$ 0	\$ 888,497
0	0	0	0	0	28,036
0	0	0	0	0	2,837,348
494	0	454	0	0	12,072
0	0	0	0	0	56,295
1,237	0	0	0	0	131,332
883	0	0	0	0	55,720
529	0	0	0	0	529
8,381	0	0	8,446,415	0	8,454,796
3,435	0	0	0	0	3,435
0	0	0	0	395,000	395,000
0	0	0	0	434,482	434,482
<u>\$ 39,280</u>	<u>\$ 0</u>	<u>\$ 50,217</u>	<u>\$ 8,446,415</u>	<u>\$ 829,482</u>	<u>\$ 13,297,542</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,167
3,683	0	0	0	0	451,104
3,980	0	0	0	392,650	457,608
0	0	0	0	0	56,295
2,717	60,468	0	0	4,927	141,180
807	51,352	0	0	0	2,633,995
0	0	20,792	0	0	20,792
0	140,316	0	0	0	140,316
0	0	0	0	36,905	36,905
0	0	0	0	395,000	395,000
<u>11,187</u>	<u>252,136</u>	<u>20,792</u>	<u>0</u>	<u>829,482</u>	<u>4,355,362</u>
0	0	0	8,446,415	0	8,446,415
28,093	(252,136)	0	0	0	(224,043)
0	0	0	0	0	16,831
0	0	11,627	0	0	11,627
0	0	0	0	0	28,036
0	0	0	0	0	320,240
0	0	0	0	0	112,268
0	0	17,798	0	0	230,806
<u>28,093</u>	<u>(252,136)</u>	<u>29,425</u>	<u>8,446,415</u>	<u>0</u>	<u>8,942,180</u>
<u>\$ 39,280</u>	<u>\$ 0</u>	<u>\$ 50,217</u>	<u>\$ 8,446,415</u>	<u>\$ 829,482</u>	<u>\$ 13,297,542</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 2,273,076	\$ 0	\$ 0	\$ 391,569
Intergovernmental	1,803,654	1,226,129	0	88,002
Investment Income	66,302	0	0	1,726
Tuition and Fees	2,355	439,954	0	0
Miscellaneous	82,662	64,001	0	0
Total Revenues	4,228,049	1,730,084	0	481,297
Expenditures				
Instruction:				
Regular	303,523	720	0	7,356
Special	127,912	0	0	0
Vocational	2,113,098	246,579	0	128,206
Adult Continuing	130,489	1,139,318	0	0
Support Services:				
Pupils	232,690	94,932	0	0
Instructional Staff	137,859	48,841	0	0
Board of Education	59,899	0	0	0
Administration	514,966	9,127	0	0
Fiscal	244,294	0	0	9,082
Business	2,125	0	0	34,400
Operation and Maintenance of Plant	477,171	3,651	0	49,064
Pupil Transportation	5,871	6,154	0	113
Central	0	37,740	0	0
Operation of Non-Instructional Services	0	6,357	0	0
Capital Outlay	0	0	0	111,068
Debt Service:				
Principal Retirement	0	0	70,000	10,938
Interest and Fiscal Charges	0	0	22,145	3,610
Total Expenditures	4,349,897	1,593,419	92,145	353,837
Excess of Revenues Over (Under) Expenditures	(121,848)	136,665	(92,145)	127,460
Other Financing Sources (Uses)				
Proceeds from Sales of Fixed Assets	2,350	1,400	0	0
Operating Transfers In	0	0	92,145	0
Operating Transfers Out	0	0	0	(92,145)
Total Other Financing Sources (Uses)	2,350	1,400	92,145	(92,145)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(119,498)	138,065	0	35,315
Fund Balance (Deficit) at Beginning of Year	614,928	(2,979)	0	24,552
Fund Balance at End of Year	\$ 495,430	\$ 135,086	\$ 0	\$ 59,867

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$ 0	\$ 2,664,645
0	3,117,785
856	68,884
0	442,309
1,950	148,613
<u>2,806</u>	<u>6,442,236</u>
0	311,599
0	127,912
0	2,487,883
397	1,270,204
0	327,622
0	186,700
0	59,899
0	524,093
0	253,376
200	36,725
0	529,886
0	12,138
1,577	39,317
0	6,357
0	111,068
0	80,938
0	25,755
<u>2,174</u>	<u>6,391,472</u>
632	50,764
0	3,750
0	92,145
0	(92,145)
<u>0</u>	<u>3,750</u>
632	54,514
<u>15,030</u>	<u>651,531</u>
<u>\$ 15,662</u>	<u>\$ 706,045</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Budgetary Basis*
All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,255,035	\$ 2,255,035	\$ 0
Intergovernmental	1,803,654	1,803,654	0
Investment Income	66,302	66,302	0
Tuition and Fees	2,355	2,355	0
Miscellaneous	52,087	52,087	0
Total Revenues	4,179,433	4,179,433	0
Expenditures			
Instruction			
Regular	305,058	305,058	0
Special	128,372	128,372	0
Vocational	2,103,751	2,103,751	0
Adult/Continuing	130,430	130,430	0
Support Services			
Pupils	223,862	223,862	0
Instructional Staff	137,405	137,405	0
Board of Education	59,528	59,528	0
Administration	518,531	518,531	0
Fiscal	245,213	245,213	0
Business	2,125	2,125	0
Operation and Maintenance of Plant	474,202	474,202	0
Pupil Transportation	5,871	5,871	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	4,334,348	4,334,348	0
Excess of Revenues Over (Under) Expenditures	(154,915)	(154,915)	0
Other Financing Sources (Uses)			
Proceeds from Sales of Fixed Assets	2,350	2,350	0
Refund of Prior Year Expenditures	31,076	31,076	0
Advances In	48,661	48,661	0
Advances Out	(55,966)	(55,966)	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	26,121	26,121	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(128,794)	(128,794)	0
Fund Balance at Beginning of Year	794,455	794,455	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$ 665,661	\$ 665,661	\$ 0

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,164,648	1,164,648	0	0	0	0
0	0	0	0	0	0
443,010	443,010	0	0	0	0
63,208	63,208	0	0	0	0
<u>1,670,866</u>	<u>1,670,866</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
720	720	0	0	0	0
0	0	0	0	0	0
267,870	267,870	0	0	0	0
1,146,470	1,146,470	0	0	0	0
95,063	95,063	0	0	0	0
61,941	61,941	0	0	0	0
0	0	0	0	0	0
9,138	9,138	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,651	3,651	0	0	0	0
6,149	6,149	0	0	0	0
38,080	38,080	0	0	0	0
6,357	6,357	0	0	0	0
0	0	0	0	0	0
0	0	0	70,000	70,000	0
0	0	0	22,145	22,145	0
<u>1,635,439</u>	<u>1,635,439</u>	<u>0</u>	<u>92,145</u>	<u>92,145</u>	<u>0</u>
<u>35,427</u>	<u>35,427</u>	<u>0</u>	<u>(92,145)</u>	<u>(92,145)</u>	<u>0</u>
1,400	1,400	0	0	0	0
2,117	2,117	0	0	0	0
56,296	56,296	0	0	0	0
(48,990)	(48,990)	0	0	0	0
0	0	0	92,145	92,145	0
0	0	0	0	0	0
<u>10,823</u>	<u>10,823</u>	<u>0</u>	<u>92,145</u>	<u>92,145</u>	<u>0</u>
46,250	46,250	0	0	0	0
100,523	100,523	0	0	0	0
0	0	0	0	0	0
<u>\$ 146,773</u>	<u>\$ 146,773</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual - Budgetary Basis
All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2001

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 389,271	\$ 389,271	\$ 0
Intergovernmental	88,002	88,002	0
Investment Income	1,726	1,726	0
Tuition and Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	478,999	478,999	0
Expenditures			
Instruction			
Regular	7,356	7,356	0
Special	0	0	0
Vocational	128,206	128,206	0
Adult/continuing	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	9,082	9,082	0
Business	34,400	34,400	0
Operation and Maintenance of Plant	50,364	50,364	0
Pupil Transportation	113	113	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Capital Outlay	170,274	170,274	0
Debt Service			
Principal Retirement	10,938	10,938	0
Interest and Fiscal Charges	3,610	3,610	0
Total Expenditures	414,343	414,343	0
Excess of Revenues Over (Under) Expenditures	64,656	64,656	0
Other Financing Sources (Uses)			
Proceeds from Sales of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(92,145)	(92,145)	0
Total Other Financing Sources (Uses)	(92,145)	(92,145)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(27,489)	(27,489)	0
Fund Balance at Beginning of Year	30,717	30,717	0
Prior Year Encumbrances Appropriated	9,956	9,956	0
Fund Balance at End of Year	\$ 13,184	\$ 13,184	\$ 0

The accompanying notes are an integral part of these financial statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 2,644,306	\$ 2,644,306	\$ 0
0	0	0	3,056,304	3,056,304	0
856	856	0	68,884	68,884	0
0	0	0	445,365	445,365	0
1,877	1,877	0	117,172	117,172	0
<u>2,733</u>	<u>2,733</u>	<u>0</u>	<u>6,332,031</u>	<u>6,332,031</u>	<u>0</u>
0	0	0	313,134	313,134	0
0	0	0	128,372	128,372	0
0	0	0	2,499,827	2,499,827	0
397	397	0	1,277,297	1,277,297	0
0	0	0	318,925	318,925	0
0	0	0	199,346	199,346	0
0	0	0	59,528	59,528	0
0	0	0	527,669	527,669	0
0	0	0	254,295	254,295	0
200	200	0	36,725	36,725	0
0	0	0	528,217	528,217	0
0	0	0	12,133	12,133	0
1,577	1,577	0	39,657	39,657	0
0	0	0	6,357	6,357	0
0	0	0	170,274	170,274	0
0	0	0	80,938	80,938	0
0	0	0	25,755	25,755	0
<u>2,174</u>	<u>2,174</u>	<u>0</u>	<u>6,478,449</u>	<u>6,478,449</u>	<u>0</u>
559	559	0	(146,418)	(146,418)	0
0	0	0	3,750	3,750	0
0	0	0	33,193	33,193	0
0	0	0	104,957	104,957	0
0	0	0	(104,956)	(104,956)	0
0	0	0	92,145	92,145	0
0	0	0	(92,145)	(92,145)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>36,944</u>	<u>36,944</u>	<u>0</u>
559	559	0	(109,474)	(109,474)	0
14,649	14,649	0	940,344	940,344	0
0	0	0	9,956	9,956	0
<u>\$ 15,208</u>	<u>\$ 15,208</u>	<u>\$ 0</u>	<u>\$ 840,826</u>	<u>\$ 840,826</u>	<u>\$ 0</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity*

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues</u>				
Sales	\$ 56,727	\$ 0	\$ 0	\$ 56,727
Charges for Services	0	642,546	0	642,546
Investment Income	0	0	818	818
Classroom Materials and Fees	42,240	0	0	42,240
Donations	0	0	100	100
<i>Total Operating Revenues</i>	<u>98,967</u>	<u>642,546</u>	<u>918</u>	<u>742,431</u>
<u>Operating Expenses</u>				
Salaries	26,573	0	0	26,573
Fringe Benefits	14,131	0	0	14,131
Purchased Services	521	92,952	0	93,473
Materials and Supplies	74,970	0	0	74,970
Depreciation	437	0	0	437
Claims	0	463,024	0	463,024
Other	0	0	1,200	1,200
<i>Total Operating Expenses</i>	<u>116,632</u>	<u>555,976</u>	<u>1,200</u>	<u>673,808</u>
Operating Income (Loss)	<u>(17,665)</u>	<u>86,570</u>	<u>(282)</u>	<u>68,623</u>
<u>Non-Operating Revenues</u>				
Operating Grants	14,981	0	0	14,981
Donated Commodities Revenue	5,210	0	0	5,210
Gain on Disposal of Fixed Assets	20	0	0	20
Investment Income	663	0	0	663
<i>Total Non-Operating Revenues</i>	<u>20,874</u>	<u>0</u>	<u>0</u>	<u>20,874</u>
<i>Net Income (Loss)</i>	<u>3,209</u>	<u>86,570</u>	<u>(282)</u>	<u>89,497</u>
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>24,884</u>	<u>(338,706)</u>	<u>14,045</u>	<u>(299,777)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>\$ 28,093</u>	<u>\$ (252,136)</u>	<u>\$ 13,763</u>	<u>\$ (210,280)</u>

The accompanying notes are an integral part of these financial statements.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2001

	Proprietary Fund Types			Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 57,355	\$ 648,034	\$ 0	\$ 705,389
Interest Income	0	0	818	818
Cash Received from Classroom Materials and Fees	42,240	0	0	42,240
Cash Received from Donations	0	0	100	100
Cash Paid for Goods and Services	(71,777)	(92,952)	0	(164,729)
Cash Paid to Employees	(26,481)	0	0	(26,481)
Cash Paid for Employee Benefits	(15,295)	0	0	(15,295)
Cash Paid for Other Operating Activities	0	0	(1,200)	(1,200)
Cash Paid for Claims	0	(552,258)	0	(552,258)
Net Cash Provided by (Used For) Operating Activities	(13,958)	2,824	(282)	(11,416)
Cash Flows From Non-Capital Financing Activities				
Grants	13,744	0	0	13,744
Cash Flows From Investing Activities				
Interest Income	663	0	0	663
Cash Flows (Used For) Financing Activities				
Repay Advance from General Fund	0	(2,824)	0	(2,824)
Net Increase (Decrease) in Cash and Cash Equivalents	449	0	(282)	167
Cash and Cash Equivalents at Beginning of Year	23,872	0	14,045	37,917
Cash and Cash Equivalents at End of Year	\$ 24,321	\$ 0	\$ 13,763	\$ 38,084
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Operating Income (Loss)	\$ (17,665)	\$ 86,570	\$ (282)	\$ 68,623
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	437	0	0	437
Non-cash Donated Commodities	5,210	0	0	5,210
Decrease in Accounts Receivable	628	0	0	628
(Increase) in Prepaid Items	(105)	0	0	(105)
(Increase) in Materials and Supplies	(120)	0	0	(120)
(Increase) in Inventory	(1,371)	0	0	(1,371)
(Decrease) in Accrued Wages and Benefits	(535)	0	0	(535)
Increase in Compensated Absences Payable	4	0	0	4
Increase (Decrease) in Intergovernmental Payable	(436)	60,468	0	60,032
Increase (Decrease) in Deferred Revenue	(5)	5,488	0	5,483
(Decrease) in Claims Payable	0	(149,702)	0	(149,702)
Total Adjustments	3,707	(83,746)	0	(80,039)
Net Cash Provided by (Used For) Operating Activities	\$ (13,958)	\$ 2,824	\$ (282)	\$ (11,416)
Reconciliation of Cash and Cash Equivalents to the Balance Sheet				
Agency Fund	\$ 20,792			
Expendable Trust	15,208			
Nonexpendable Trust	13,763			
Total Cash and Cash Equivalents for Trust and Agency	\$ 49,763			

The accompanying notes are an integral part of these financial statements.

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Description of the Entity

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the "District") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member districts. The District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership on June 30, 2001 was 311. The District employs 68 certificated and 24 non-certificated employees.

The financial statements of the 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 entity for establishing governmental accounting and financial reporting principles.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities. The District has no component units.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Several funds are reclassified for GAAP presentation. The adult education funds (012) are classified as enterprise funds for State of Ohio cash basis financial statements. However, these funds are educational funds, not funds designed to have a profit motivation. They are classified as special revenue funds for GAAP.

Many of the educational programs operated by the District provide some services to the general public. These services are not provided to generate profit for the District, but to teach the students to deal with the public while they learn. These funds (011) are classified within the general fund for GAAP.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 District, available means expected to be received within 60 days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 10). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include 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 District must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which are levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or nonexpendable trust funds.

Proprietary Fund Types

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Expendable Trust Fund – The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable Trust Fund – The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund types. The principal of the trust is restricted while the income can be used for the purpose defined in the trust agreement.

Agency Funds - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

Account Groups

To make clear determination between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in proprietary or nonexpendable trust funds.

General Long-term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2001, investments were limited to repurchase agreements and the State Treasury Asset Reserves (STAROhio). Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$66,302, which includes \$14,318 assigned from other District funds.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a Bureau of Workers' Compensation refund reserve. This reserve is required by State statute. The Bureau of Workers' Compensation refund reserve can be used only for purposes specified by the statute.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible. No allowances are provided within the financial statements.

F. Estimates

The preparation of the 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 could differ from those estimates.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables.” Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

H. Inventory

Inventories of proprietary funds are stated at cost and consist of donated food and purchased food held for resale and are expensed when used. Cost is determined on a first-in, first-out basis.

I. Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2001 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.

J. Fixed Assets and Depreciation

Fixed assets used in governmental fund types are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$300.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations (Continued)

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary fund types is reflected as a liability in the respective funds. The current portion of unpaid compensated absences related to governmental fund type operations is reflected in the respective fund. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligation account group.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, contributions to the nonexpendable trust funds that must be kept intact and HB412 reserves such as budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for endowment consists of the principal within the nonexpendable trust fund which cannot be expended.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund:

State Foundation Program
State Property Tax Relief
Adult Basic Literary Education

Agency Fund:

Pell Grant

Non-Reimbursable Grants

Special Revenue Funds:

Education Management Information Systems
Eisenhower Grant
Vocational Education
Title VI
Job Training Partnership Act
Professional Development
SchoolNet

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued):

Network Connectivity
Post Secondary Vocational Education
Vocational Education Enhancement
Appalachian Grant
Safe School Help Line
Career Education

Reimbursable Grants

Enterprise Funds:

National School Lunch Program
Government Donated Commodities
National School Breakfast Program
Child Care Food Program

Grants and entitlements amounted to approximately 46% of the District's operating revenue during the 2001 fiscal year.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". The statement establishes accounting and reporting guidelines for governments' decisions about when (in the fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. The implementation of GASB Statement No. 33 did not have a material effect on fund balance/retained earnings as previously reported as of June 30, 2000.

NOTE 4 - BUDGETARY PROCESS

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Ashland County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 4 - BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" do not include July 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

Total fund appropriations may be modified during the year by a resolution of the Board of Education. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" represent the final appropriation amounts.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 4 - BUDGETARY PROCESS (Continued)

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the GAAP basis, the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

- 1) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures
 and Other Financing Uses Reconciliation of Budget Basis to GAAP Basis

Governmental and Expendable Trust Funds:

	General	Special Revenue	Capital Projects	Expendable Trust
Budgetary Basis	\$ (128,794)	\$ 46,250	\$ (27,489)	\$ 559
Adjustments:				
Revenue accruals	(31,121)	805	2,298	73
Expenditure accruals	40,417	74,179	60,506	0
Encumbrances	0	16,831	0	0
GAAP Basis	\$ (119,498)	\$ 138,065	\$ 35,315	\$ 632

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5 – ACCOUNTABILITY

At June 30, 2001, the Self-Insurance Internal Service Fund had a deficit retained earnings balance of \$(252,136). This deficit balance was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 6 - CASH AND CASH EQUIVALENTS

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

Active deposits are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any other obligations of the State of Ohio;

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6) The State Treasurer's Investment Pool (STAR Ohio);
- 7) Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year-end, the carrying amount of the District's deposits was \$(51,185) and the bank balance was \$86,840. The bank balance was entirely covered by federal depository insurance.

Funds Held by Fiscal Agent

The District participates in the Tri-County Joint Self-Insurance Association for employee benefits. At June 30, 2001, there was a deficit cash balance of \$60,468 with the Joint Self-Insurance Association. All benefit deposits are made to the association's depository account. Collateral is held by a qualified third-party trustee in the name of the association. An intergovernmental payable was established to reflect the cash deficit.

Investments

The District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 67,345	\$ 67,345	\$ 67,345
STAROhio	<u>0</u>	<u>900,373</u>	<u>900,373</u>
	<u>\$ 67,345</u>	<u>\$ 967,718</u>	<u>\$ 967,718</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 916,533	\$ 0
Investments:		
Repurchase Agreement	(67,345)	67,345
STAROhio	<u>(900,373)</u>	<u>900,373</u>
GASB Statement No. 3	<u>\$ (51,185)</u>	<u>\$ 967,718</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 7 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Balance July 1, 2000	Additions	Disposals	Balance June 30, 2001
Land	\$ 136,198	\$ 5,000	\$ 0	\$ 141,198
Buildings and improvements	5,628,110	141,652	0	5,769,762
Furniture and equipment	2,000,288	314,669	(125,297)	2,189,660
Vehicles	28,120	6,000	(5,120)	29,000
Books	316,795	0	0	316,795
Construction in process	<u>56,546</u>	<u>0</u>	<u>(56,546)</u>	<u>0</u>
Total	<u>\$ 8,166,057</u>	<u>\$ 467,321</u>	<u>\$ (186,963)</u>	<u>\$ 8,446,415</u>

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 2001</u>
Equipment	\$ 55,571
Less: Accumulated depreciation	<u>(47,190)</u>
Net fixed assets	<u>\$ 8,381</u>

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Outstanding July 1, 2000	Additions	Disposals	Outstanding June 30, 2001
General Obligation Bonds, 5.15% interest rate, due 1/01/06	\$ 465,000	\$ 0	\$ (70,000)	\$ 395,000
Capital lease payable	47,843	0	(10,938)	36,905
Compensated absences	403,316	0	(10,666)	392,650
Intergovernmental payable	<u>8,153</u>	<u>0</u>	<u>(3,226)</u>	<u>4,927</u>
Total	<u>\$ 924,312</u>	<u>\$ 0</u>	<u>\$ (94,830)</u>	<u>\$ 829,482</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Outstanding general obligation bonds consist of school building construction issues. Such bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property. Proceeds from the bonds were used for energy conservation improvements to the school buildings.

No new debt was issued in 2001.

The annual requirement to amortize all bonds outstanding as of June 30, 2001, including interest payments of \$52,916 are as follows:

Year Ending June 30,	2002	\$	80,171
	2003		91,738
	2004		92,875
	2005		93,755
	2006		<u>89,377</u>
	Total	\$	<u>447,916</u>

NOTE 9 - CAPITAL LEASES

The District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

General fixed assets, consisting of equipment and furniture, have been capitalized in the general fixed assets account group in the amount of \$59,231. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$10,938 in the governmental funds.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 9 - CAPITAL LEASES (Continued)

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2001:

		General Long-Term Obligations Account <u>Group</u>
Year ending June 30,	2002	\$ 14,549
	2003	12,414
	2004	12,220
	2005	<u>2,904</u>
Minimum lease payments		42,087
Less: Amount representing interest at the District's incremental borrowing rate of interest		<u>(5,182)</u>
Present value of minimum lease payments		<u>\$ 36,905</u>

NOTE 10 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2001 are summarized by source as follows:

	<u>Food Service</u>
Contributed capital, July 1, 2000	\$ 146
Current disposals	<u>(146)</u>
Contributed capital, June 30, 2001	<u>\$ 0</u>

NOTE 11 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Ashland County Auditor is responsible for assessing and remitting these property taxes to the District.

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88% of the true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 11 - PROPERTY TAXES (Continued)

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 earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2000 was \$4.10 per \$1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2001, was \$320,240.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>First Half Collections</u>		<u>Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 814,991,920	65%	\$ 837,720,080	67%
Commercial Industrial	147,238,360	12	149,016,290	12
Public Utility	3,677,130	1	2,847,110	1
Tangible Personal Property	<u>274,606,217</u>	<u>22</u>	<u>260,342,027</u>	<u>20</u>
Total Assessed Value	<u>\$ 1,240,513,627</u>	<u>100%</u>	<u>\$ 1,249,925,507</u>	<u>100%</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. For fiscal year 2001, 5.55% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$71,682, \$68,179 and \$66,235, respectively. The District has contributed 100% for all fiscal years.

B. State Teachers Retirement System (STRS)

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 6.0% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$454,404, \$453,503 and \$411,582, respectively; 100% has been contributed for each fiscal year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, a portion of the members of the Board of Education have elected social security, and some have chosen the SERS/STRS system. The District's liability is 6.2% of wages paid.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2000, the Board allocated employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$259,659 during fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 million at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45% of covered payroll, an increase from 6.30% for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million. SERS had approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$43,265 during the 2001 fiscal year.

NOTE 14 - NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$5,210.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 15 - INTERFUND ACTIVITY

At June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 55,966	\$ 0
Special Revenue Funds:		
Ashland Co. PRCDR Grant	0	6,824
Career Education	0	6,248
Adult Education	329	3,000
Adult Basic Literacy Education	0	329
Vocational Education Plan Development	0	39,274
High Schools That Work	0	620
Total all funds	\$ 56,295	\$ 56,295

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>	<u>BWC Reserve (formerly Budget Stabilization)</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 2000	\$ 0	\$ 0	\$ 100,722	\$ 100,722
Current year set-aside requirement	95,327	95,327	39,582	230,236
Current year offsets	(194,636)	(194,635)	0	(389,271)
Elimination of the non-BWC portion of the budget stabilization reserve	0	0	(112,268)	(112,268)
Total	\$ (99,309)	\$ (99,308)	\$ 28,036	\$ (170,581)
Amount available to carryforward to FY 2002	\$ (99,309)	\$ 0	\$ 28,036	
Cash balance carried forward to FY 2002	\$ 0	\$ 0	\$ 28,036	
Total restricted assets				\$ 28,036

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 16 - STATUTORY RESERVES (Continued)

Effective April 10, 2001, the Ohio legislature passed Am. Sub. Senate Bill 345, that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, transferred to the Classroom Facilities Fund, or returned to the General Fund and used at the discretion of the of the district's Board of Education.

The District has elected to maintain the budget reserve until a future determination on the use of the funds can be made. The amount of the former budget stabilization reserve identified as Bureau of Workers' Compensation refunds is now classified as Reserve for BWC Refunds and the remaining balance has been classified as Fund Balance – Designated. The District elected to deposit the amount that would have been required, had the law not changed, to the budget reserve.

The amount of the former budget stabilization reserve now classified as Fund Balance – Designated (including this year's contribution) is \$112,268.

NOTE 17 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of Food Service and Uniform School Supplies. Segment information related to these follows:

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating revenues	\$ 56,727	\$ 42,240	\$ 98,967
Operating expenses, less depreciation	75,074	41,121	116,195
Depreciation expense	437	0	437
Operating income (loss)	(18,784)	1,119	(17,665)
Donated commodities	5,210	0	5,210
Nonoperating grants	14,981	0	14,981
Net income (loss)	2,090	1,119	3,209
Net working capital	8,489	15,203	23,692
Total assets	24,077	15,203	39,280
Total equity	12,890	15,203	28,093

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 18 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$500 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$19,724,550. The District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible. All board members, administrators, and employees are covered under a school district liability policy.

Additionally, the District carries a \$5,000,000 Educational Liability Policy. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Fidelity Bond

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

C. Workers' Compensation

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

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee. The liability for unpaid claims cost of \$81,563 is reported in the Internal Service Fund at June 30, 2001 in accordance with Governmental Accounting Standards Board Statement No. 10. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 18 - RISK MANAGEMENT (Continued)

Changes in the fund's claims liability for 2000 and 2001 are listed below.

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2001	\$ 290,018	\$ 402,556	\$ 552,258	\$ 140,316
2000	\$ 32,592	\$ 849,300	\$ 591,874	\$ 290,018

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Tri-County Joint Self-Insurance Association (the "Association")

The Tri-County Joint Self-Insurance Association (the "Association") is a jointly governed organization which is comprised of four participating members. The members are the Tri-County Educational Service Center, Ashland County West Holmes Joint Vocational School District, Hillsdale Local School District and Mapleton Local School District. The Tri-County Joint Self-Insurance Association possesses its own budgeting and taxing authority. To obtain financial information write to The Tri-County Educational Service Center, 2534 Burbank Road, Wooster, Ohio 44691. By resolution of each of the participating school districts, the Association was dissolved effective July 1, 2001.

B. Tri-County Computer Service Association (TCCSA)

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 20 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2001.

Litigation

The District is not currently a party to any significant legal proceedings.

NOTE 21 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations

NOTE 22 - SUBSEQUENT EVENT

On August 16, 2001, the District accepted a combined bid for general and electrical contract work in the amount of \$294,647 for a water system improvement project. In addition, the District accepted a Water Supply Revolving Loan Account Fund Agreement awarded by the Ohio Environmental Protection Agency to fund the project. The loan is in the amount of \$319,444 with an interest rate of 2%. The loan will be repaid by semi-annual payments of \$17,702.09 over a period of 10 years with the initial payment due January 1, 2003.

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ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL
ASHLAND COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through the Ohio Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	Not Available	10.550		\$5,205		\$5,210
School Breakfast Program	LL-P1 0000 2000 LL-P4 0000 2000	10.553	\$1,393		\$1,393	
Total School Breakfast Program			<u>731</u> 2,124		<u>731</u> 2,124	
National School Lunch Program	LL-P1 0000 2001 LL-P4 0000 2001	10.555	7,686		7,686	
Total National School Lunch Program			<u>3,291</u> 10,977		<u>3,291</u> 10,977	
Total Child Nutrition Cluster/U.S. Department of Agriculture			13,101	5,205	13,101	5,210
U.S. DEPARTMENT OF LABOR						
(Passed through the Ehone Career Center)						
Employment Services and Job Training - Pilot and Demonstration Programs	N/A	17.249	20,260		10,549	
U.S. DEPARTMENT OF EDUCATION						
(Direct Program)						
Federal Pell Grant		84.063	55,177		55,177	
(Passed through the Ohio Department of Education)						
Adult Education - State Grant Programs	AB-S1 2000 2001 AB-S1 2001 2001	84.002	9,690		9,690	
Total Adult Education - State Grant Programs			<u>18,766</u> 28,456		<u>18,766</u> 28,456	
Vocational Education - Basic Grants to States	20-A0 0000 2001 20-C1 0000 2001 20-C1 0000 2001 20-C2 0000 2001 20-C2 0000 2001	84.048	18,000 25,625 152,859 11,057 69,694		18,000 11,268 165,429 650 81,209	
Total Vocational Education - Basic Grants to States			<u>277,235</u>		<u>276,556</u>	
Eisenhower Professional Development - State Grant	MS-S1 2001 2001	84.281	687		479	
Innovative Education Program Strategies	C2-S1 2001 2001 C2-S1 2000C	84.298	286		91	
Total Innovative Education Program Strategies			<u>0</u> 286		<u>382</u> 473	
Total U.S. Department of Education			<u>361,841</u>		<u>361,141</u>	
Totals			<u>\$395,202</u>	<u>\$5,205</u>	<u>\$384,791</u>	<u>\$5,210</u>

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

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

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the general purpose financial statements of the Ashland County - West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter date November 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 30, 2001.

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

Jim Petro
Auditor of State

November 30, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Ashland County - West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

November 30, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States CFDA No. 84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
GAGAS
JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10503-001	Estimated Resources as certified by the Budget Commission were not input into the computer system	No	Partially Corrected - Amounts per the computer system do not agree to amounts certified for certain funds. A management letter comment has been issued for the current audit period because the variances were immaterial.



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AHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**