



**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2003**



**Auditor of State  
Betty Montgomery**



**AUBURN VOCATION SCHOOL DISTRICT  
LAKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Education  
Auburn Vocational School District  
Lake County  
8140 Auburn Road  
Concord Township, Ohio 44077

We have audited the accompanying general-purpose financial statements of the Auburn Vocational School District, Lake County, Ohio (the District) as of and for the year ended June 30, 2003, 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 Auburn Vocational School District, Lake County, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the accompanying financial statements, the District restated the Internal Service Fund retained earnings, as of June 30, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2003 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.

The accompanying schedule of federal awards and expenditures 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. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

November 26, 2003

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AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2003

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency Funds	General		Long-Term Debt	General	Fixed Assets	Debt	
							General	Fixed Assets					
<b>ASSETS</b>													
Equity in pooled cash and investments	\$ 3,365,802	\$ 460,548	\$ 1,132,662	\$ 394,352	\$ 914	\$ 57,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,411,499
Cash with fiscal agent	-	-	-	-	179,572	-	-	-	-	-	-	-	179,572
Restricted cash	48,386	-	-	-	-	-	-	-	-	-	-	-	48,386
Receivables:													
Property taxes	5,097,567	-	-	-	-	-	-	-	-	-	-	-	5,097,567
Accounts	-	-	-	431	-	-	-	-	-	-	-	-	431
Accrued interest	34,771	-	-	-	-	-	-	-	-	-	-	-	34,771
Interfund	184,656	-	-	-	-	-	-	-	-	-	-	-	184,656
Due from other governments	13,035	123,116	-	-	-	-	-	-	-	-	-	-	136,151
Inventory - material and supplies	82,835	-	-	145,370	-	-	-	-	-	-	-	-	228,205
Prepaid insurance	3,877	-	-	-	-	-	-	-	-	-	-	-	3,877
Land and land improvements	-	-	-	-	-	-	-	1,708,300	-	-	-	-	1,708,300
Construction in progress	-	-	-	-	-	-	-	4,332,722	-	-	-	-	4,332,722
Buildings and improvements	-	-	-	-	-	-	-	10,011,250	-	-	-	-	10,011,250
Furniture and equipment	-	-	-	28,539	-	-	-	3,505,620	-	-	-	-	3,534,159
Library and textbooks	-	-	-	-	-	-	-	84,008	-	-	-	-	84,008
Vehicles	-	-	-	-	-	-	-	170,920	-	-	-	-	170,920
Kitchen equipment	-	-	-	57,321	-	-	-	-	-	-	-	-	57,321
Accumulated depreciation - kitchen	-	-	-	(40,124)	-	-	-	-	-	-	-	-	(40,124)
Accumulated depreciation - furniture and equipment	-	-	-	(23,585)	-	-	-	-	-	-	-	-	(23,585)
<b>OTHER DEBITS</b>													
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-	-	-	327,956	-	-	327,956
<b>Total assets and other debits</b>	<b>\$ 8,830,929</b>	<b>\$ 583,664</b>	<b>\$ 1,132,662</b>	<b>\$ 562,304</b>	<b>\$ 180,486</b>	<b>\$ 57,221</b>	<b>\$ 19,812,820</b>	<b>\$ 327,956</b>	<b>\$ -</b>	<b>\$ 327,956</b>	<b>\$ -</b>	<b>\$ 31,488,042</b>	

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



**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY  
COMBINED BALANCE SHEET (CONTINUED)  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2003**

	Governmental Fund Types					Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency Funds	General		Long-term Debt	General Fixed Assets	General Long-term Debt			
							Assets	Debt						
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>														
Liabilities:														
Accrued wages and salaries	\$ 425,916	\$ 14,846	\$ -	\$ 1,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,299
Accrued employee benefits	186,252	4,517	-	2,093	-	-	-	-	-	-	327,956	-	-	520,818
Accrued workers' compensation	8,494	296	-	31	-	-	-	-	-	-	-	-	-	8,821
Accounts payable	-	-	325,464	-	-	-	-	-	-	-	-	-	-	325,464
Claims payable	-	-	-	-	83,096	-	-	-	-	-	-	-	-	83,096
Interfund payable	-	184,656	-	-	-	-	-	-	-	-	-	-	-	184,656
Due to students	-	-	-	-	-	-	-	55,440	-	-	-	-	-	55,440
Deferred revenue	4,575,587	-	-	-	-	-	-	-	-	-	-	-	-	4,575,587
Total liabilities	5,196,249	204,315	325,464	3,661	83,096	55,440	-	327,956	-	-	-	-	-	6,196,181
Fund Equity and Other Credits:														
Investment in general fixed assets	-	-	-	-	-	-	19,812,820	-	-	-	-	-	-	19,812,820
Retained earnings - unreserved	-	-	-	558,643	97,390	-	-	-	-	-	-	-	-	656,033
Fund balances:														
Property Tax Reserve	535,015	-	-	-	-	-	-	-	-	-	-	-	-	535,015
Reserved for prepaid	3,877	-	-	-	-	-	-	-	-	-	-	-	-	3,877
Reserved for encumbrances	258,436	19,184	517,192	-	-	-	-	-	-	-	-	-	-	794,812
Reserved for inventory	82,835	-	-	-	-	-	-	-	-	-	-	-	-	82,835
Reserved for budget stabilization	48,386	-	-	-	-	-	-	-	-	-	-	-	-	48,386
Unreserved, undesignated	2,706,131	360,165	290,006	-	-	1,781	-	-	-	-	-	-	-	3,358,083
Total fund equity and other credits	3,634,680	379,349	807,198	558,643	97,390	1,781	19,812,820	-	-	-	-	-	-	25,291,861
Total liabilities, fund equity and other credits	\$ 8,830,929	\$ 583,664	\$ 1,132,662	\$ 562,304	\$ 180,486	\$ 57,221	\$ 19,812,820	\$ 327,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,488,042

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

**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special	Debt Service	Capital	Fund Type	
		Revenue		Projects	Expendable Trust	
<b>REVENUES:</b>						
Taxes	\$ 5,112,256	\$ -	\$ -	\$ -	\$ -	\$ 5,112,256
Interest	276,109	-	-	-	-	276,109
Intergovernmental	2,709,747	964,863	-	-	-	3,674,610
Charges for services	-	214,019	-	-	-	214,019
Miscellaneous	64,340	-	-	-	-	64,340
Total revenues	<u>8,162,452</u>	<u>1,178,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,341,334</u>
<b>EXPENDITURES:</b>						
Current:						
Instruction	3,235,875	621,221	-	-	-	3,857,096
Support services:						
Pupils	884,278	333,193	-	-	-	1,217,471
Instructional staff	177,330	48,562	-	-	-	225,892
Board of Education	30,155	-	-	-	-	30,155
Administration	1,095,993	-	-	-	-	1,095,993
Fiscal	403,723	-	-	-	-	403,723
Business	1,108	-	-	-	-	1,108
Operation and maintenance - plant	1,582,635	7,000	-	32,125	-	1,621,760
Pupil transportation	14,198	-	-	-	-	14,198
Central	70,776	78,064	-	-	-	148,840
Extracurricular activities	1,974	-	-	-	-	1,974
Non-instructional services	47,423	-	-	-	-	47,423
Capital outlay	418,020	26,552	-	4,066,572	-	4,511,144
Repayment of debt - principal	-	-	142,188	-	-	142,188
Repayment of debt - interest	-	-	5,021	-	-	5,021
Total expenditures	<u>7,963,488</u>	<u>1,114,592</u>	<u>147,209</u>	<u>4,098,697</u>	<u>-</u>	<u>13,323,986</u>
Excess (deficiency) of revenues over (under) expenditures	198,964	64,290	(147,209)	(4,098,697)	-	(3,982,652)
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of assets	2,800	-	-	-	-	2,800
Operating transfers in	-	20,000	147,209	1,000,000	-	1,167,209
Operating transfers out	(1,167,209)	-	-	-	-	(1,167,209)
Refund of prior year's expenditures/revenues	246,700	-	-	-	-	246,700
Total other financing sources (uses)	<u>(917,709)</u>	<u>20,000</u>	<u>147,209</u>	<u>1,000,000</u>	<u>-</u>	<u>249,500</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(718,745)	84,290	-	(3,098,697)	-	(3,733,152)
<b>BEGINNING FUND BALANCES (RESTATED)</b>	<u>4,353,425</u>	<u>295,059</u>	<u>-</u>	<u>3,905,895</u>	<u>1,781</u>	<u>8,556,160</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 3,634,680</u>	<u>\$ 379,349</u>	<u>\$ -</u>	<u>\$ 807,198</u>	<u>\$ 1,781</u>	<u>\$ 4,823,008</u>

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

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**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes	\$ 5,117,453	\$ 4,897,135	\$ (220,318)
Earnings on investments	328,943	314,781	(14,162)
Classroom materials and fees	454	434	(20)
Charges for services	-	-	-
Miscellaneous	66,932	64,050	(2,882)
Miscellaneous revenue from state sources	2,831,656	2,709,747	(121,909)
Miscellaneous revenue from federal sources	-	-	-
Total revenues	<u>8,345,438</u>	<u>7,986,147</u>	<u>(359,291)</u>
<b>EXPENDITURES:</b>			
Current			
Instruction:			
Special	305,463	282,322	23,141
Vocational	3,419,718	2,929,962	489,756
Adult continuing	-	-	-
Support services:			
Pupil	813,578	853,052	(39,474)
Instructional staff	356,500	250,388	106,112
Board of Education	31,705	30,155	1,550
Administration	1,217,898	1,116,389	101,509
Fiscal	535,068	422,480	112,588
Business	11,081	1,108	9,973
Operation and maintenance of plant	2,725,457	1,709,106	1,016,351
Pupil transportation	25,000	14,198	10,802
Central	272,516	133,676	138,840
Extracurricular activities	2,776	1,974	802
Non-instructional services:			
Food services	58,336	49,022	9,314
Community services	-	-	-
Capital outlay	956,148	511,627	444,521
Debt service	-	-	-
Total expenditures	<u>10,731,244</u>	<u>8,305,459</u>	<u>2,425,785</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,385,806)</u>	<u>(319,312)</u>	<u>2,066,494</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	88,077	84,285	(3,792)
Transfers out	(2,200,000)	(1,167,209)	1,032,791
Advances in	62,699	60,000	(2,699)
Advances out	(140,000)	(124,656)	15,344
Sale and loss of assets	2,926	2,800	(126)
Refund of prior year expenditures	258,191	247,075	(11,116)
Total other financing uses	<u>(1,928,107)</u>	<u>(897,705)</u>	<u>1,030,402</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,313,913)</u>	<u>(1,217,017)</u>	<u>3,096,896</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	4,362,300	4,362,300	-
<b>PRIOR YEAR ENCUMBRANCES - APPROPRIATED</b>	207,985	207,985	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 256,372</u>	<u>\$ 3,353,268</u>	<u>\$ 3,096,896</u>

The accompanying notes are an integral part of the financial statements

Special Revenue Fund			Debt Service Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
217,084	214,019	(3,065)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
487,018	480,142	(6,876)	-	-	-	-	-	-
366,880	361,700	(5,180)	-	-	-	-	-	-
1,070,982	1,055,861	(15,121)	-	-	-	-	-	-
35,547	-	35,547	-	-	-	-	-	-
71,390	59,343	12,047	-	-	-	-	-	-
826,448	579,015	247,433	-	-	-	-	-	-
394,903	342,784	52,119	-	-	-	-	-	-
67,688	57,505	10,183	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,000	7,000	-	-	-	-	152,500	33,625	118,875
-	-	-	-	-	-	-	-	-
108,613	78,384	30,229	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	14,025	-	14,025
55,000	-	55,000	-	-	-	4,681,637	4,335,501	346,136
-	-	-	147,506	147,209	297	-	-	-
1,566,589	1,124,031	442,558	147,506	147,209	297	4,848,162	4,369,126	479,036
(495,607)	(68,170)	427,437	(147,506)	(147,209)	297	(4,848,162)	(4,369,126)	479,036
20,286	20,000	(286)	147,506	147,209	(297)	1,286,571	1,000,000	(286,571)
(26,552)	(26,552)	-	-	-	-	(57,733)	(57,733)	-
126,441	124,656	(1,785)	-	-	-	-	-	-
(75,997)	(60,000)	15,997	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
44,178	58,104	13,926	147,506	147,209	(297)	1,228,838	942,267	(286,571)
(451,429)	(10,066)	441,363	-	-	-	(3,619,324)	(3,426,859)	192,465
451,429	451,429	-	-	-	-	3,905,895	3,905,895	-
31,417	31,417	-	-	-	-	2,989,373	2,989,373	-
\$ 31,417	\$ 472,780	\$ 441,363	\$ -	\$ -	\$ -	\$ 3,275,944	\$ 3,468,409	\$ 192,465

**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Expendable Trust Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Earnings on investments	-	-	-
Classroom materials and fees	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Miscellaneous revenue from state sources	-	-	-
Miscellaneous revenue from federal sources	-	-	-
Total revenues	-	-	-
<b>EXPENDITURES:</b>			
Current			
Instruction:			
Special	-	-	-
Vocational	-	-	-
Adult continuing	-	-	-
Support services:			
Pupil	-	-	-
Instructional staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	-	-	-
Operation and maintenance of plant	-	-	-
Pupil transportation	-	-	-
Central	-	-	-
Extracurricular activities	-	-	-
Non-instructional services:			
Food services	-	-	-
Community services	1,781	-	1,781
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	1,781	-	1,781
Excess (deficiency) of revenue over (under) expenditures	(1,781)	-	1,781
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Advances in	-	-	-
Advances out	-	-	-
Sale and loss of assets	-	-	-
Refund of prior year expenditures	-	-	-
Total other financing uses	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,781)	-	1,781
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,781	1,781	-
<b>PRIOR YEAR ENCUMBRANCES - APPROPRIATED</b>	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ 1,781	\$ 1,781

The accompanying notes are an integral part of the financial statements

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,117,453	\$ 4,897,135	\$ (220,318)
328,943	314,781	(14,162)
454	434	(20)
217,084	214,019	(3,065)
66,932	64,050	(2,882)
3,318,674	3,189,889	(128,785)
366,880	361,700	(5,180)
9,416,420	9,042,008	(374,412)
341,010	282,322	58,688
3,491,108	2,989,305	501,803
826,448	579,015	247,433
1,208,481	1,195,836	12,645
424,188	307,893	116,295
31,705	30,155	1,550
1,217,898	1,116,389	101,509
535,068	422,480	112,588
11,081	1,108	9,973
2,884,957	1,749,731	1,135,226
25,000	14,198	10,802
381,129	212,060	169,069
2,776	1,974	802
58,336	49,022	9,314
15,806	-	15,806
5,692,785	4,847,128	845,657
147,506	147,209	297
17,295,282	13,945,825	3,349,457
(7,878,862)	(4,903,817)	2,975,045
1,542,440	1,251,494	(290,946)
(2,284,285)	(1,251,494)	1,032,791
189,140	184,656	(4,484)
(215,997)	(184,656)	31,341
2,926	2,800	(126)
258,191	247,075	(11,116)
(507,585)	249,875	757,460
(8,386,447)	(4,653,942)	3,732,505
8,721,405	8,721,405	-
3,228,775	3,228,775	-
\$ 3,563,733	\$ 7,296,238	\$ 3,732,505

**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	
<b>OPERATING REVENUES:</b>			
Tuition and fees	\$ 544,438	\$ -	\$ 544,438
Food service	114,323	-	114,323
Charges for services and materials	71,024	473,729	544,753
Total operating revenues	<u>729,785</u>	<u>473,729</u>	<u>1,203,514</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	150,479	-	150,479
Fringe benefits	172,788	-	172,788
Contractual services	170,454	-	170,454
Cost of sales	123,046	-	123,046
Depreciation	7,378	-	7,378
Other operating expenses	7,929	468,636	476,565
Total operating expenses	<u>632,074</u>	<u>468,636</u>	<u>1,100,710</u>
Operating income (loss)	<u>97,711</u>	<u>5,093</u>	<u>102,804</u>
<b>NON-OPERATING REVENUES:</b>			
Operating grants	15,564	-	15,564
Miscellaneous	36,164	-	36,164
Total non-operating revenues	<u>51,728</u>	<u>-</u>	<u>51,728</u>
Net income	149,439	5,093	154,532
<b>BEGINNING RETAINED EARNINGS AS RESTATED FOR YEAR ENDING JUNE 30, 2002</b>	<u>409,204</u>	<u>92,297</u>	<u>501,501</u>
<b>ENDING RETAINED EARNINGS</b>	<u>\$ 558,643</u>	<u>\$ 97,390</u>	<u>\$ 656,033</u>

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



**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Enterprise Fund			Internal Service Fund			Agency Fund			Totals Memorandum Only		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>												
Tuition and fees	\$ 551,000	\$ 550,008	992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,000	\$ 550,008	992
Food service	112,807	114,419	1,612	-	-	-	-	-	-	112,807	114,419	1,612
Extracurricular activities	-	-	-	-	-	-	71,892	71,301	(591)	71,892	71,301	(591)
Charges for services/materials	60,000	71,084	11,084	494,350	473,729	(20,621)	-	-	-	554,350	544,813	(9,537)
Total operating revenues	723,807	735,511	11,704	494,350	473,729	(20,621)	71,892	71,301	(591)	1,290,049	1,280,541	(9,508)
<b>OPERATING EXPENSES</b>												
Salaries and wages	195,895	158,081	37,814	-	-	-	-	-	-	195,895	158,081	37,814
Fringe benefits	194,049	172,788	21,261	404	-	404	-	-	-	194,453	172,788	21,665
Contractual services	159,000	177,989	(18,989)	-	-	-	-	-	-	159,000	177,989	(18,989)
Supplies and materials	427,200	237,937	189,263	439	-	439	80,292	43,554	36,738	507,931	281,491	226,440
Capital outlay	110,545	21,426	89,119	-	-	-	-	-	-	110,545	21,426	89,119
Other operating expenses	6,895	7,929	(1,034)	494,350	473,658	20,692	42,395	23,843	18,552	543,640	505,430	38,210
Total operating expenses	1,093,594	776,150	317,434	495,193	473,658	21,535	122,887	67,397	55,290	1,711,464	1,317,205	394,259
Operating income (loss)	(369,777)	(40,639)	329,138	(843)	71	914	(50,795)	3,904	54,699	(421,415)	(36,664)	384,751
<b>NON-OPERATING REVENUE</b>												
Earnings on investments	-	-	-	-	-	-	-	-	-	-	-	-
State sources:												
Restricted grants-in-aid	-	404	404	-	-	-	-	-	-	-	404	404
Federal sources:												
Unrestricted grants-in-aid	16,432	16,667	235	-	-	-	-	-	-	16,432	16,667	235
Refund of prior years expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Advances-in	-	-	-	-	-	-	-	-	-	-	-	-
Advances-out	(57,470)	-	57,470	-	-	-	-	-	-	(57,470)	-	57,470
Miscellaneous	40,000	35,733	4,267	-	-	-	1,625	2,366	741	41,625	38,099	(3,526)
Total non-operating revenue	(1,038)	52,804	53,842	-	-	-	1,625	2,366	741	587	55,170	54,583
Excess of revenues over (under) expenses, advances and operating transfers	(370,815)	12,165	382,980	(843)	71	914	(49,170)	6,270	55,440	(420,828)	18,506	439,334
<b>FUND EQUITY - BEGINNING OF YEAR</b>	370,815	370,815	-	842	842	-	49,170	49,170	-	420,827	420,827	-
<b>PRIOR YEAR ENCUMBRANCE-APPROPRIATED</b>	47,484	47,484	-	-	-	-	-	-	-	47,484	47,484	-
<b>FUND EQUITY - END OF YEAR</b>	\$ 47,484	\$ 430,464	\$ 382,980	\$ (1)	\$ 913	\$ 914	\$ -	\$ 55,440	\$ 55,440	\$ 47,483	\$ 486,817	\$ 439,334

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

**AUBURN VOCATIONAL SCHOOL DISTRICT - LAKE COUNTY  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income	\$ 97,711	\$ 5,093	\$ 102,804
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>			
Depreciation	7,378	-	7,378
Donated consumables	3,236	-	3,236
Net (increase) decrease in assets:			
Accounts receivable	6,802	-	6,802
Inventory	(132,476)	-	(132,476)
Net increase (decrease) in liabilities:			
Accrued expenses	(7,602)	-	(7,602)
Claims payable	-	83,096	83,096
Total adjustments	<u>(122,662)</u>	<u>83,096</u>	<u>(39,566)</u>
Net cash provided by (used in) operating activities	<u>(24,951)</u>	<u>88,189</u>	<u>63,238</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating grants received	12,328	-	12,328
Miscellaneous income	36,164	-	36,164
Net cash provided by non-capital financing activities	<u>48,492</u>	<u>-</u>	<u>48,492</u>
Net increase in cash and cash equivalents	23,541	88,189	111,730
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>370,811</u>	<u>92,297</u>	<u>463,108</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 394,352</u>	<u>\$ 180,486</u>	<u>\$ 574,838</u>

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

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**1. DESCRIPTION OF THE DISTRICT**

The Auburn Vocational School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Auburn Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The District operates under an elected Board of Education (11 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of June 30, 2003 was 531. The District employed 228 certificated employees and 57 non-certificated employees

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", consists of a primary government and its component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assured the responsibility to finance the deficits of, or provide financial support, to the organizations; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of a debt or the levying of taxes. The District has no component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds and account groups of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service and maintenance of District facilities.

On this basis, the combined financial statements include all of the funds and account groups of the District over which the Board of Education exercises operating control. The District's financial statements include operations at Auburn Career Center and a community and home service program at Quail Hollow.

The District participates in two jointly governed organizations that are further described in the notes to the financial statements.

**B. BASIS OF PRESENTATION**

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

The financial transactions of the District are recorded in individual funds and account groups. The various funds and account groups are reported by type in the general purpose financial statements. Amounts in the "totals - memorandum only" columns in the general purpose financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different basis of accounting, interfund transactions that have not been eliminated and the caption "amounts to be provided", which does not represent an asset. Consequently, amounts shown in the "totals - memorandum only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the District.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUND TYPES**

Governmental funds are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during a period. The following are the District's governmental fund types:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**Special Revenue Funds** - The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Ohio law.

**Capital Projects Fund** - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**PROPRIETARY FUND TYPES**

Proprietary funds are used to account for the District's ongoing activities, which are similar to those found in the private sector. The following are the District's proprietary fund types:

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

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

**Internal Service Funds** - The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

**Trust and Agency Funds** - The Trust and Agency Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, and (c) Agency Funds.

**ACCOUNT GROUPS**

To make a clear distinction 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 the proprietary or trust funds.

**General Long-Term Debt 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 trust funds.

**C. BASIS OF ACCOUNTING**

Governmental and Fiduciary Fund Types are accounted for on the modified accrual basis of accounting. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are susceptible to accrual and, therefore, are recorded as receivables, include property taxes and reimbursable-type grants. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation, which is not payable from current expendable financial resources.

Proprietary Fund Types are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. There were no unbilled service charges receivable at year end.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIS OF ACCOUNTING (CONTINUED)**

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**D. BUDGETARY BASIS OF ACCOUNTING**

The District is required by State statute to adopt an annual appropriated budget for all fund types except agency funds. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the Superintendent and the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Lake County Budget Commission (the "Commission") for tax rate determination.
3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District's Treasurer.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation within a fund must be approved by the Board of Education.
6. Formal budgetary integration is to be employed as a management control device during the year for all funds consistent with statutory provision.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)**

7. Appropriation amounts are amended by the Board of Education through the year by supplemental appropriations, which either reallocate or increase the original appropriated amounts.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District's budget (budget basis) accounts for certain transactions on a basis, which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is susceptible to accrual for GAAP purposes.

An analysis of the difference in fund balance for all governmental and proprietary fund types at June 30, 2003 as determined under the GAAP basis and budget basis follows:

Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
GAAP basis	\$ (718,745)	\$ 84,290	\$ --	\$ (3,098,697)	\$ --
Increase (decrease) due to:					
Revenue accruals	(175,929)	(123,021)	--	--	--
Expenditure accruals	(83,538)	9,745	--	325,464	--
Advances in	60,000	124,656	--	--	--
Advances out	(124,656)	(60,000)	--	--	--
Transfers in	84,287	--	--	--	--
Transfers out	--	(26,552)	--	--	--
Net impact of encumbrances on budget basis expenditures	(258,436)	(19,184)	--	(653,626)	--
Budget basis	<u>\$ (1,217,017)</u>	<u>\$ (10,066)</u>	<u>\$ --</u>	<u>\$ (3,426,859)</u>	<u>\$ --</u>

**E. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances are reported as a reservation of fund balance in all Governmental and Fiduciary Fund Types.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. CASH AND CASH EQUIVALENTS**

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 District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the combined balance sheet.

During fiscal year 2003, investments were limited to STAR Ohio, certificate of deposits, Federal Home Loan Bank, Federal Home Loan Mortgage Corp. and Federal National Mortgage Association. All investments of the District had a maturity of five years or less. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Assets Reserve (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$ 276,109.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are considered to be investments.

**G. RESTRICTED CASH**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish statutory stabilization reserves. These reserves are required by State statute and can be used only for qualifying expenditures or after receiving approval from the State. Fund balance reserves have also been established.

**H. FUND BALANCE RESERVES**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for materials and supplies inventory, tax revenue unavailable for appropriation, budget stabilization and encumbrances. The unreserved portions of fund equity reflected for the Governmental Fund Types are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue for GAAP but not available for appropriation under state statute.



**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. INVENTORY**

Inventories are valued at cost, which approximates market, using the first-in, first-out method (FIFO) and are determined by physical count. Inventory in Governmental Fund Types consists of expendable supplies held for consumption. The cost of inventory items is recognized as an expenditure when used (consumption method). Reported inventories in the general fund are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation.

**J. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2003 are recorded as prepaid items.

**K. FIXED ASSETS AND DEPRECIATION**

**General Fixed Assets Account Group** - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The District follows the policy of not capitalizing assets with a cost of less than \$ 5,000. The costs or normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized. The District does not possess any infrastructure.

**Proprietary Funds** - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed equipment is recorded at its fair market value as of the date donated. Depreciation has been provided on a straight-line basis for equipment over the following useful lives:

<u>Asset</u>	<u>Life (Years)</u>
Fixed equipment	10
Furniture, fixtures and minor equipment	5 - 20
Vehicles	8

**L. REVENUE RECOGNITION**

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 sixty days of year-end.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. REVENUE RECOGNITION (CONTINUED)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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 non-exchange transactions must also be available before it can be recognized.

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

**M. DEFERRED REVENUE**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**N. EXPENSES/EXPENDITURES**

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

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

**O. INTERFUND TRANSACTIONS**

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services and improve assets. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances or equity contributions is based on the intent of the District at the time of the transaction.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
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**2. DESCRIPTION OF REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. LONG-TERM DEBT**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term debt account group.

**Q. FUND BALANCE RESERVES**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for prepaid expenses, materials and supplies inventory, budget stabilization and encumbrances. The unreserved portions of fund equity reflected for the Governmental Fund Types are available for use within the specific purposes of those funds.

**3. RESTATEMENT**

During fiscal year 2003, the District reclassified the health care self-insurance from the general fund to the internal service fund. The effect on assets, liability and equity is noted below.

	General Fund	Internal Service Fund
Cash with fiscal agent as of June 30, 2002	\$ 174,761	\$ --
Prior period adjustment	<u>(174,761)</u>	<u>174,761</u>
Reclassified balance, June 30, 2002	<u>\$ --</u>	<u>\$ 174,761</u>
Claims payable as of June 30, 2002	\$ 83,307	\$ --
Prior period adjustment	<u>(83,307)</u>	<u>83,307</u>
Reclassified balance, June 30, 2002	<u>\$ --</u>	<u>\$ 83,307</u>
Fund equity as of June 30, 2002	\$ 4,444,879	\$ 843
Prior period adjustment	<u>(91,454)</u>	<u>91,454</u>
Reclassified balance, June 30, 2002	<u>\$ 4,353,425</u>	<u>\$ 92,297</u>

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**4. DEFICIT FUND BALANCE**

Fund balances at June 30, 2003 included the following individual fund deficits:

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balance</u>
Adult Education	\$ (45,186)
Career Development	\$ (3,375)
Career Development 2002 – 2003	\$ (7,712)
ABLE 2002 – 2003	\$ (4,307)
VEPD Secondary 2002 – 2003	\$ (3,029)
VEPD Adult 2002 – 2003	\$ (5,595)

The deficit balances in the Special Revenue Fund are caused by timing differences in the recording of revenues and accruing of expenditures.

**5. EQUITY IN POOLED CASH AND CASH INVESTMENTS**

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

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, as security for repayment by surety company, bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with 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 and interest by the United States;

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**5. EQUITY IN POOLED CASH AND CASH INVESTMENTS (CONTINUED)**

2. Bonds, notes, debentures, or 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 other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain banker's acceptance 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.

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 until maturity.

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

At June 30, 2003, the District's internal service fund had a balance of \$ 179,572 with Lake County Council of Governments Health Care Benefits Program, a claims servicing pool (See Note 16). The money is held by the claims servicer in a pooled account, which is representative of numerous entities and, therefore, cannot be classified by risk under GASB No. 3. The classification of cash and cash equivalents and investments for the Lake County Council of Governments Health Care Benefits Program Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Mentor Exempted Village School District. To obtain financial information, write to the Treasurer, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

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**5. EQUITY IN POOLED CASH AND CASH INVESTMENTS (CONTINUED)**

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase), and Reverse Repurchase Agreements", requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement No. 3.

(a) Deposits - At year end, the carrying amount of the District's deposits was \$ 1,514,326 and the bank balance was \$ 1,773,128. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 1,297,000
Collateralized with securities held by the pledging financial institution's trust department but not in the name of Auburn Vocational School District	\$ 476,128

(b) Investments - Investments made by the District as of June 30, 2003 are summarized below and are recorded at fair value. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, or investments held by the District or its agents in the District's name.
- Category 2 - Uninsured and unregistered, with investments held by the counterparty's trust department or agent in the District's name.
- Category 3 - Uninsured and unregistered, with investments held by the counterparty, or by its trust department or agent, but not in the District's name.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Federal National Mortgage Association (Category 3)	\$ 402,500	\$ 408,562	\$ 6,062
Federal Home Loan Mortgage Corporation (Category 3)	205,900	204,893	(1,007)
Federal Home Loan Bank Note (Category 3)	2,535,446	2,540,450	5,004
Investment in STAR Ohio	791,654	791,654	--
Total	<u>\$ 3,935,500</u>	<u>\$ 3,945,559</u>	<u>\$ 10,059</u>

**6. PROPERTY TAXES**

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

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**6. PROPERTY TAXES (CONTINUED)**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002 on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility, real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002 on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Geauga and Lake 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, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes, which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$ 535,015 in the general fund. The amount available as an advance at June 30, 2002 was \$ 319,895 in the general fund.

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

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**6. PROPERTY TAXES (CONTINUED)**

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>2002 Second Half Collections Lake County</u>		<u>2002 Second Half Collections Geauga County</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property – 2002 valuation				
Residential/Agricultural	\$ 1,255,659,120	63.06%	\$ 1,233,556,700	76.42%
Commercial/Industrial	341,465,880	17.15	184,505,110	11.43
Tangible personal property				
General	186,284,924	9.35	144,918,320	8.98
Public Utilities	207,775,680	10.44	51,278,220	3.17
Total	<u>\$ 1,991,185,604</u>	<u>100.00%</u>	<u>\$ 1,614,258,350</u>	<u>100.00%</u>
 Tax rate per \$ 1,000 of assessed valuation	 \$ 1.50		 \$ 1.50	
	<u>2003 Second Half Collections Lake County</u>		<u>2003 Second Half Collections Geauga County</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property – 2003 valuation				
Residential/Agricultural	\$ 1,295,274,780	62.91%	\$ 1,187,711,530	77.57%
Commercial/Industrial	351,233,550	17.06	199,600,860	11.16
Tangible personal property				
General	148,303,764	7.20	152,711,570	8.54
Public Utilities	264,204,160	12.83	48,774,440	2.73
Total	<u>\$ 2,059,016,254</u>	<u>100.00%</u>	<u>\$ 1,788,798,400</u>	<u>100.00%</u>
 Tax rate per \$ 1,000 of assessed valuation	 \$ 1.50		 \$ 1.50	

**7. STATEMENT OF FUND EQUITY**

During fiscal 2003, the District contracted with an independent appraisal company to inventory all fixed assets at historical cost or estimated historical cost if actual historical cost is not available. As a result of the valuation, the accompanying general purpose financial statements have been restated to adjust fixed asset account balances in the enterprise fund and general fixed asset account group.

Enterprise fund retained earnings at the beginning of 2003 was decreased \$ 42,051 and the general fixed asset account groups investment in fixed assets decreased \$ 1,617 as a result of this valuation. The effect of net income for 2002 could not be determined.



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**8. FIXED ASSETS**

A summary of the Enterprise Funds' fixed assets at June 30, 2003 follows:

	Balance June 30, 2002 As Originally Reported		Balance June 30, 2002 As Restated		Restatement	Additions	Disposals	Balance June 30, 2003
Furniture and equipment	\$ --	\$ 28,539	\$ 28,539	\$ --	\$ --	\$ --	\$ 28,539	
Kitchen equipment	195,189	(137,868)	57,321	--	--	--	57,321	
Accumulated depreciation	(123,609)	67,278	(56,331)	(7,378)	--	--	(63,709)	
	<u>\$ 71,580</u>	<u>\$ (42,051)</u>	<u>\$ 29,529</u>	<u>\$ (7,378)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,151</u>	

Depreciation expense recognized in the Enterprise Fund totaled \$ 7,378.

A summary of the changes in the general fixed assets follows:

	Balance June 30, 2002 As Originally Reported		Balance June 30, 2002 As Restated		Restatement	Additions	Disposals	Balance June 30, 2003
Land and improvements	\$ 1,032,956	\$ 448,244	\$ 1,481,200	\$ 227,100	\$ --	\$ --	\$ 1,708,300	
Construction in progress	--	559,489	559,489	3,773,233	--	--	4,332,722	
Building and improvements	8,984,621	1,026,629	10,011,250	--	--	--	10,011,250	
Furniture and equipment	5,602,007	(2,128,187)	3,473,820	238,652	206,852	--	3,505,620	
Vehicles	145,921	24,999	170,920	--	--	--	170,920	
Catering kitchen equipment	16,799	(16,799)	--	--	--	--	--	
Library and textbooks	--	84,008	84,008	--	--	--	84,008	
Total	<u>\$ 15,782,304</u>	<u>\$ (1,617)</u>	<u>\$ 15,780,687</u>	<u>\$ 4,238,985</u>	<u>\$ 206,852</u>	<u>\$ 19,812,820</u>		

**9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains four enterprise funds to account for the food service operations, adult education program operated on a tuition basis, uniform school supplies sales and Rotary special services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Auburn Vocational School District for the year ended June 30, 2003:

	Food Service	Adult Education	Uniform School Supplies	Rotary Special Services	Total
Operating revenues	\$ 114,323	\$ 544,438	\$ 71,024	\$ --	\$ 729,785
Operating expenses before depreciation	\$ 119,807	\$ 441,544	\$ 63,345	\$ --	\$ 624,696
Depreciation	\$ 3,821	\$ 3,557	\$ --	\$ --	\$ 7,378
Operating income (loss)	\$ (9,305)	\$ 99,337	\$ 7,679	\$ --	\$ 97,711
Operating grants	\$ 15,564	\$ --	\$ --	\$ --	\$ 15,564
Miscellaneous	\$ --	\$ --	\$ --	\$ 36,164	\$ 36,164
Net income (loss)	\$ 6,259	\$ 99,337	\$ 7,679	\$ 36,164	\$ 149,439
Net working capital	\$ 13,934	\$ 213,070	\$ 93,325	\$ 216,163	\$ 536,492
Total assets	\$ 31,131	\$ 221,685	\$ 93,325	\$ 216,163	\$ 562,304
Total liabilities	\$ --	\$ 3,661	\$ --	\$ --	\$ 3,661
Total equity	\$ 31,131	\$ 218,024	\$ 93,325	\$ 216,163	\$ 558,643

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**10. DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System** - The District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, OH 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$ 115,373, \$ 101,492 and \$ 108,219, respectively; 100 percent has been contributed for fiscal years 2003, 2002 and 2001.

**State Teachers Retirement System** - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002 and 2001 were \$ 541,036, \$ 500,676 and \$ 488,200, respectively; 100 percent has been contributed for fiscal years 2003, 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$ 50 made by the District and \$ 16,511 made by the plan members.

**11. POST EMPLOYMENT 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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$ 38,645 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$ 3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$ 354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five 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 percent of the premium.

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**11. POST EMPLOYMENT BENEFITS (CONTINUED)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2003, the minimum pay was established at \$ 14,500. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$ 38,115.

The surcharge, added to the unallocated portion of the 14 percent 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 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$ 204.931 million and the target level was \$ 307.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$ 303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**12. OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on June 1 of each year. Accumulated unused vacation is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual workdays per contract plus ninety. Upon retirement, payment is made for one-fourth of the total sick leave accumulation up to 260 days, or a maximum of 65 days.

According to GASB Statement 16, "Accounting for Compensating Absences", accumulated vacation and sick leave of Governmental Fund type employees meeting the eligibility requirements have been recorded in the appropriate Governmental Funds as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the General Long-Term Debt Account Group. Vacation and sick leave for employees paid from Proprietary Funds is recorded as an expense when earned or accrued. The District calculates sick leave using the vesting method based on accumulated benefits as of June 30, 2003.

**13. LONG-TERM DEBT**

The non-current portion of compensated absences is summarized below. Compensated absences will be paid from the fund from which the person is paid.

	Balance June 30, <u>2002</u>	Increase (Decrease)	Balance June 30, <u>2003</u>
Compensated absences	\$ 244,622	\$ 83,334	\$ 327,956
Note payable	<u>142,188</u>	<u>(142,188)</u>	<u>--</u>
Total long-term debt	<u>\$ 386,810</u>	<u>\$ (58,854)</u>	<u>\$ 327,956</u>

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**14. INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2003 consist of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 184,656	\$ --
Special Revenue Fund	--	184,656
	<u>\$ 184,656</u>	<u>\$ 184,656</u>

A summary of interfund transfers made during 2003 by fund is as follows:

	<u>Transferred To</u>	<u>Transferred From</u>
General Fund	\$ --	\$ 1,167,209
Special Revenue Fund	20,000	--
Capital Projects Fund	1,000,000	--
Debt Service Fund	147,209	--
	<u>\$ 1,167,209</u>	<u>\$ 1,167,209</u>

**15. JOINTLY GOVERNED ORGANIZATIONS**

The Lake-Geauga Computer Association (LGCA) is a jointly governed organization among two county consortiums of Ohio 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 among member districts. Each of the governments of these schools supports LGCA based on a per pupil charge. The District contributed \$ 19,963 to LGCA during fiscal year 2003. LGCA is governed by an Assembly consisting of two representatives from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Assembly. Financial information can be obtained from Lake Geauga Computer Association, 8221 Auburn Road, Painesville, OH 44077.

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2003, the District paid annual fees of \$ 3,031 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio 44131.

The District participates in the Council's electric purchase program, which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight-year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**15. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

Energy Acquisition Corporation, a nonprofit corporation with a self-appointing board, issued \$ 119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

The District also participates in the Council's prepaid natural gas program, which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve-year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporate and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$ 89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

**16. CLAIMS SERVICING POOL**

**Lake County Council of Governments Health Care Benefits Program (HCBP) Self-Insurance Program** - The District participates in Lake County Council of Governments Health Care Benefits Program (HCBP) Self-Insurance Program, a claims servicing pool, comprised of eleven members. Each member pays an administrative fee to the pool. The Plan's business and affairs are conducted by a five-member Board of Directors elected from the HCBP's assembly. All participating members retain their risk and the Plan acts as the claims servicing agent.

**17. RISK MANAGEMENT**

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. During fiscal year 2003, the District contracted with Hartford Insurance Co. for property and general liability insurance. There is a \$ 2,500 deductible.

Umbrella liability is protected by Hartford Insurance with a \$ 1,000,000 single occurrence limit with a \$ 2,500 deductible. Vehicles are also covered by Hartford Insurance and have a \$ 500 deductible for comprehensive collision. Automobile liability has a \$ 1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**17. RISK MANAGEMENT (CONTINUED)**

The District has elected to provide medical coverage through a self-insured program. The District uses the general fund to account for and finance its uninsured risks of loss in this program. The claims are serviced through the Lake County Council of Governments Health Care Benefits Program. The Lake County Council of Governments Health Care Benefits Program has stop loss coverage of 110 percent of expected claims. The claims liability of \$ 83,096 reported in the internal service fund at June 30, 2003 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount was:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$ 83,307	\$ 472,683	\$ 472,894	\$ 83,096
2002	\$ 84,170	\$ 446,742	\$ 447,605	\$ 83,307

The June 30, 2003 claims liability and cash with fiscal agent are determined based on the percentage of the District's participants to total pool participants. For the year ended June 30, 2003, the pools cash reserves and claims liability were \$ 5,990,506 and \$ 2,772,079, respectively. The District's allocated pool percentage for the year ended June 30, 2003 was 3 percent, which represents \$ 179,572 and \$ 83,096 of pool cash reserves and claims liabilities, respectively.

**18. OSBA GROUP RATING PROGRAM**

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**19. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**20. CONTINGENT LIABILITIES**

The District receives significant financial assistance from numerous federal, state and local 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 any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2003.

The District was named as defendant in court actions during the period ended June 30, 2003. Management does not believe that the ultimate resolution of these cases will have a material impact on the general purpose financial statements.

**21. PROPERTY TAX REFUNDS**

On November 6, 1999, the Ohio Board of Tax Appeals issued its decision in the case of Duquesne Light Company, an electric utility and part owner of the Perry Nuclear Power Plant. The decision ordered personal property refunds based on reduction in taxable value of about \$ 145 million. This decision was immediately appealed to the Ohio Supreme Court.

The implications raised by Duquesne are far reaching and can result in refund claims for 1988 - 1993 and additional claims being filed by other electric companies and other utilities. As of the date of these financial statements, the District is unable to determine what effect, if any, this decision will have on tax revenue or possible payments of tax refunds.



**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**22. STATUTORY RESERVES**

The District is required, by state law, to set aside certain general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, July 1, 2002	\$ (399,641)	\$ --	\$ 48,386	\$ (351,255)
Required set-aside	41,831	41,831	--	83,662
Qualifying expenditures	<u>(33,902)</u>	<u>(4,853,927)</u>	<u>--</u>	<u>(4,887,829)</u>
Balance, June 30, 2003	<u><u>\$(391,712)</u></u>	<u><u>\$(4,812,096)</u></u>	<u><u>\$ 48,386</u></u>	<u><u>\$(5,155,422)</u></u>
Set aside balance carried forward to future fiscal years	<u><u>\$(391,712)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 48,386</u></u>	<u><u>\$(343,326)</u></u>
Set aside reserve balance as of June 30, 2003	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 48,386</u></u>	<u><u>\$ 48,386</u></u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. The non-BWC (Bureau of Workers' Compensation) portion of monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the General Fund. On August 15, 2001, the Board passed a resolution authorizing the transfer of the non-BWC portion of the budget stabilization reserve to the General Fund unreserved/undesignated fund balance. The District is still required by State law to maintain the textbook reserve and the capital acquisition reserve.

Although the District had qualifying expenditures during the year that reduced the set-aside amounts to below zero, only the excess expenditures for the textbook reserve can be carried forward to the next fiscal year.

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**Auburn Vocational School District  
Lake County  
Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2003**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal Non-Cash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through State Department of Education:						
Direct Program						
Pell Grant	84.063	N/A	\$ 13,106	\$ -	\$ 13,106	\$ -
Adult Basic Education	84.002	ABS1 2002	6,195	0	7,270	0
Adult Basic Education	84.002	ABS1 2003	13,409	0	17,715	0
Adult Basic Education	84.002	ABSL 2003	18,929	0	18,259	0
Total Adult Basic Education			38,533	0	43,244	0
Vocational Educational Programs	84.048	20A0 2002	3,240	0	21,600	0
Vocational Educational Programs	84.048	20C1 2002	12,018	0	24,745	0
Vocational Educational Programs	84.048	20C1 2003	260,822	0	263,852	0
Vocational Educational Programs	84.048	20C2 2002	8,631	0	7,836	0
Vocational Educational Programs	84.048	20C2 2003	49,420	0	55,015	0
Total Vocational Educational Programs			334,131	0	373,048	0
Safe and Drug Free School Title IV	84.186	DRS1 2003	135	0	0	0
Eisenhower Title II	84.281	MSS1 2002	95	0	947	0
Innovative Programs Chapter II	84.298	C2S1 2002	0	0	219	0
Innovative Programs Title V	84.298	C2S1 2003	324	0	1,672	0
Improving Teacher Quality	84.367	TRS1 2003	1,890	0	1,890	0
Total U.S. Department of Education			388,214	0	434,126	0
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through State Department of Education:						
Nutrition Cluster:						
Food Distribution	10.550	N/A	0	3,236	0	3,236
School Breakfast Program	10.553	05PU 2002	430	0	430	0
School Breakfast Program	10.553	05PU 2003	2,268	0	2,268	0
National School Lunch Program	10.555	LLP4 2002	2,662	0	2,662	0
National School Lunch Program	10.555	LLP4 2003	11,214	0	11,214	0
Public School Lunch Special	10.556	02PU 2002	8	0	8	0
Public School Lunch Special	10.556	02PU 2003	86	0	86	0
Total - U.S. Department of Agriculture - Nutrition Cluster			16,668	3,236	16,668	3,236
<b>Total Federal Financial Assistance</b>			<b>\$ 404,882</b>	<b>\$ 3,236</b>	<b>\$ 450,794</b>	<b>\$ 3,236</b>

The accompanying notes are an integral part of the Schedule of Federal Award Expenditures.

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
FISCAL YEAR ENDED JUNE 30, 2003**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B—CHILD NUTRITION CLUSTER**

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State and local monies. It is assumed federal monies are expended first.

CFDA – Catalog of Federal Domestic Assistance

N/A – Not Applicable



## **Auditor of State Betty Montgomery**

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

Board of Education  
Auburn Vocational School District  
Lake County  
8140 Auburn Road  
Concord Township, Ohio 44077

We have audited the financial statements of Auburn Vocational School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 26, 2003, wherein we noted the District restated the Internal Service Fund retained earnings. 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 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 a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated November 26, 2003.

#### **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 another 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 26, 2003.

Auburn Vocational School District  
Lake County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and Board of Education, 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.

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

**Betty Montgomery**  
Auditor of State

November 26, 2003



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Auburn Vocational School District  
Lake County  
8140 Auburn Road  
Concord Township, Ohio 44077

#### Compliance

We have audited the compliance of the Auburn Vocational School District, Lake 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, 2003. 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 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, 2003.

#### Internal Control Over Compliance

The management of 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.

**Internal Control Over Compliance  
(Continued)**

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, Board of Education, 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.



**Betty Montgomery**  
Auditor of State

November 26, 2003



**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
JUNE 30, 2003**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505**

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

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

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

None

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

None

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**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**AUBURN VOCATIONAL SCHOOL DISTRICT**

**LAKE 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  
JANUARY 8, 2004**