

**Ashland County-West Holmes
Joint Vocational School District**
Audited Financial Statements

June 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Education
Ashland County-West Holmes Joint Vocational School District
1783 SR 60
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of the Ashland County-West Holmes Joint Vocational School District, Ashland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 16, 2009

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

JUNE 30, 2009

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ASHLAND COUNTY**

JUNE 30, 2009

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 30, 2009

To the Board of Education
Ashland County-West Holmes
Joint Vocational School District
Ashland, OH 44805

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District (the "School District"), Ashland County, Ohio as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio as of June 30, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Adult Education Fund, and the Miscellaneous Federal Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 30, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Rea & Associates, Inc.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Ashland County-West Holmes Joint Vocational School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets increased \$1,057,212.
- General revenues accounted for \$5,884,012 in revenue or 72.6 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$2,220,285 or 27.4 percent of total revenues of \$8,104,297.
- The School District had \$7,047,085 in expenses related to governmental activities; only \$2,220,285 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,884,012 were adequate to provide for these programs.
- Outstanding debt decreased from \$1,292,736 in 2008 to \$1,158,301 during 2009.
- Among major funds, the general fund had \$5,775,961 in revenues and other financing sources and \$5,217,089 in expenditures and other financing uses. During fiscal year 2009, the general fund balance increased \$558,872 from \$3,375,820 to \$3,934,692.

Using this Annual Report

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

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

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation and non-instructional services, which include the food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the adult education fund and the miscellaneous federal grants fund.

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

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 25 and 26. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

(Table 1)
Net Assets

	Governmental Activities	
	2009	2008
Assets:		
Current and Other Assets	\$ 8,858,490	\$ 8,400,290
Capital Assets	4,802,672	4,570,437
Total Assets	13,661,162	12,970,727
Liabilities:		
Long-Term Liabilities	1,399,917	1,496,792
Other Liabilities	3,009,676	3,279,578
Total Liabilities	4,409,593	4,776,370
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	3,644,371	3,277,701
Restricted	368,471	332,363
Unrestricted	5,238,727	4,584,293
Total Net Assets	\$ 9,251,569	\$ 8,194,357

Total assets increased by \$690,435. There was an increase of approximately \$385,000 in pooled cash and cash equivalents and an increase of approximately \$232,000 in capital assets, which accounts for the majority of the increase in current and other assets. The increase in capital assets, \$232,235, reflects additional purchases exceeding depreciation. Total liabilities decreased by \$366,777, which was primarily a result of reductions in debt and deferred revenue.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal years 2009 and 2008. This table presents two fiscal years in side-by-side comparison. This will enable the reader to draw further conclusions about the School District's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 703,592	\$ 633,163
Operating Grants	1,425,273	1,363,428
Capital Grants	91,420	71,603
<i>General Revenue:</i>		
Property Taxes	3,035,058	2,660,766
Grants and Entitlements	2,701,298	2,685,381
Other	147,656	240,586
<i>Total Revenues</i>	<u>8,104,297</u>	<u>7,654,927</u>
Program Expenses:		
Instruction	4,690,307	4,571,302
<i>Support Services:</i>		
Pupil and Instructional Staff	350,818	311,175
Board of Education, Administration, Fiscal and Business	1,095,514	1,104,605
Operation and Maintenance	489,194	553,856
Pupil Transportation	6,221	3,870
Central	63,214	25,453
Operation of Non-Instructional Services	276,782	290,684
Extracurricular Activities	24,345	12,997
Interest and Fiscal Charges	50,690	52,839
<i>Total Expenses</i>	<u>7,047,085</u>	<u>6,926,781</u>
Increase in Net Assets	<u>\$ 1,057,212</u>	<u>\$ 728,146</u>

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

Governmental Activities

Several revenue sources fund the School District's governmental activities with intergovernmental revenues being the largest contributor. Property taxes are also a large revenue generator. Property tax levies generated \$3,035,058 in 2009. With the combination of taxes and intergovernmental revenues funding over 81 percent of expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons of 2009 to 2008 have been made in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Service 2009	Total Cost of Service 2008	Net Cost of Service 2009	Net Cost of Service 2008
Instruction	\$ 4,690,307	\$ 4,571,302	\$ (2,890,078)	\$ (2,801,446)
Support Services:				
Pupil and Instructional Staff	350,818	311,175	(302,614)	(253,525)
Board of Education, Administration				
Fiscal and Business	1,095,514	1,104,605	(1,078,235)	(1,098,046)
Operation and Maintenance	489,194	553,856	(391,182)	(475,625)
Pupil Transportation	6,221	3,870	(6,221)	(3,870)
Central	63,214	25,453	(18,668)	(8,238)
Operation of Non-Instructional Services	276,782	290,684	(64,767)	(152,001)
Extracurricular Activities	24,345	12,997	(24,345)	(12,997)
Interest and Fiscal Charges	50,690	52,839	(50,690)	(52,839)
Total	\$ 7,047,085	\$ 6,926,781	\$ (4,826,800)	\$ (4,858,587)

Instruction and student support services comprise 87 percent of governmental program expenses. Interest, fiscal and administration charges were .7 percent. Interest expense was attributable to the outstanding bonds; fiscal expenses include payments to the County Auditor for administrative fees and other administrative services provided to the School District. Pupil transportation and the operation and maintenance of plant account for 7 percent of governmental program expenses. Central expenses account for 1 percent of program expenses. Operation of non-instructional services, consisting primarily of food service operations and community services, comprise 3.9 percent of governmental program expenses. Extracurricular activities account for .4 percent of program expenses.

The dependence upon general revenues in the form of property taxes and grants and entitlements such as school foundation program is apparent.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,067,684 (exclusive of other financing sources) and expenditures of \$7,555,172 (exclusive of other financing uses).

The net change in fund balance for the year was most significant in the general fund. In fiscal year 2009, the net change in fund balance in the general fund was \$558,872. This was due to an increase in revenue over the previous fiscal year. The net change in the adult education fund was a decrease of \$51,172, and the net change in the miscellaneous federal grants fund was a decrease of \$14,796.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the School District did not modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$6,017,804 and actual revenues and other financing sources were \$5,884,103. Of this \$133,701 decrease, most was due to actual receipts for property tax being less than the final budget amounts.

General fund appropriations (appropriated expenditures plus other financing uses) were \$5,932,797 in the original and final budgets. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$5,417,977, which was \$514,820 lower than final budget appropriations with expenditures for vocational instruction accounting for the majority of this difference.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$4,802,672 invested in land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. See note 6 for additional details. Table 4 shows fiscal year 2009 balances compared with 2008.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

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

	Governmental Activities	
	2009	2008
Land	\$ 50,000	\$ 50,000
Land Improvements	583	1,819
Buildings and Improvements	4,320,362	4,068,897
Infrastructure	13,190	14,211
Furniture and Equipment	418,255	353,896
Vehicles	282	919
Construction in Progress	0	80,695
Totals	\$ 4,802,672	\$ 4,570,437

The \$232,235 increase in capital assets was attributable to additional purchases (including construction in progress) exceeding depreciation expense.

Debt Administration

At June 30, 2009, the School District had \$1,158,301 in outstanding debt and leases with \$138,446 due within one year. See note 7 for additional details. Table 5 summarizes bonds, loans and leases outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities	
	2009	2008
OWDA Loan	\$ 98,359	\$ 129,862
General Obligation Bonds	1,059,942	1,161,992
Capital Leases	0	882
Totals	\$ 1,158,301	\$ 1,292,736

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. Payments will be made semi-annually through 2012.

On July 15, 2005, the School District issued \$160,000 of general obligation bonds for the purpose of acquiring and installing equipment to be used in the automotive technology program. The bonds mature on July 15, 2012 and carry an interest rate of 3.5 percent.

On July 15, 2005, the School District issued \$527,619 of general obligation bonds for the purpose of acquiring and installing energy conservation improvements. The bonds mature on July 15, 2020 and carry an interest rate of four percent.

On July 1, 2007, the School District issued \$668,781 of general obligation bonds for the purpose of acquiring and installing some additional energy conservation improvements. The bonds mature on July 1, 2020 and carry an interest rate of 4.67 percent.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

Current Financial Related Activities

The Ashland County-West Holmes Joint Vocational School District ended FY2009 in a strong financial position.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920, which was passed in 1976 in response to double-digit inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If, three years later, the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Voters approved the renewal of the 1.0 mill issue in November 2006. This stabilized the finances of the district. The Board of Education also requested that the voters replace the 0.5 mill continuing levy in November 2005. The effective rate of the levy had dropped to 0.28 mill. When the voters approved the replacement levy, the effective rate returned to the full 0.5 mill. Property taxes made up 34% of revenues for governmental activities for the Ashland County-West Holmes Joint Vocational School District in fiscal year 2009.

The District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and the loss of commercial business and property due to plant closures. Since FY2003, the District has lost \$116,119,824 in tangible personal property valuation. This translates to a loss of \$418,031 in General Fund revenue and \$58,060 in Permanent Improvement Fund revenue. While this trend will continue, the State of Ohio implemented a program to reimburse schools for lost tangible personal property tax revenue. The District received reimbursements of \$276,107 for the General Fund in FY2009, while the Permanent Improvement amount was \$39,232. The final payments for the fiscal year are made in FY2010. This program is currently only scheduled to make disbursements until FY2011. After the program expires, there is no guarantee that districts will continue to be "held harmless".

In February 2008, the State of Ohio notified the District that the valuation appeal by Columbia Gas had been denied by the Ohio Supreme Court. This action freed up \$209,490 for the General and Permanent Improvement Funds that the District had held in reserve if the case had been successful for Columbia Gas. Some of this money was then used in FY2009 in conjunction with the Small Business Administration Grant to construct a BioScience laboratory and relocate and renovate other classrooms.

As the preceding information shows, the District relies heavily on its local property taxpayers. Management diligently planned expenses so that the last levy stretched for the three years it was promised. This has been made increasingly difficult with mandates, rising utility costs, increased services required for our students, and significant increases in fees, insurances, teaching materials, and textbooks.

The staff members of the District have worked hard to reduce expenses while still delivering a quality education to students. The staff's commitment to the students and community were vital to maintaining the financial health of the District. Since we did not increase our staff size back to pre-RIF (reduction in force) levels and other expenses did not increase dramatically, the District ended the year with a \$306,380 larger positive balance in the General Fund.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

The Ashland County-West Holmes Joint Vocational School District is a school of choice. Students choose to come to this school so enrollment levels are critical since it serves as the basis for receiving state foundation funding. Enrollment increased dramatically in FY2006 and then fell in FY2007 and FY2008 by approximately 40 students. The foundation amount received stayed comparable between FY2006 and FY2009 due to the transitional aid (“the guarantee”) received which is intended to keep the foundation revenue at the prior year level. Time was spent evaluating the viability of the current programs and investigating the start-up of new programs. We did not add any new programs in FY2009 but intend to add Sports Science in FY2010.

During FY2007, the Board of Education approved an energy retrofit project under the auspices of HB264. The energy savings from the retrofit more than cover the cost of the loan. This project was finished in November 2007. Preliminary results over the first year showed enough savings to consider retro fitting the lighting system, which was started in FY2008. We have been able to cut our electrical consumption by about 50%.

The Federal Government awarded a \$500,000 Small Business Administration Grant to the BioScience Consortium in FY2008. The Career Center was designated as the fiscal agent. The majority of the grant covers the construction of a BioScience lab within the school building. The demolition started in May 2008 with construction proceeding through September 2008. The new lab provides an excellent learning environment and will be a useful tool for the recruitment of students. The balance of the grant which relates to internships, equipment upgrades, professional development for teachers, etc. will be completed in FY2010.

The State of Ohio has been providing “career-technical weighted funds” to career centers. This additional source of revenue is to acknowledge that it costs more to educate a career-technical student than a regular comprehensive high school student. In FY2006, it became mandatory for treasurers to report the spending of career-technical funds. While this appears to be a simple task, there is not agreement on what the rules say, what is an allowable expense, and who determines what qualifies. The Ohio Department of Education actually issued four different versions of what was acceptable for calculations. This issue remains unclear to date. In the past, account codes were kept simple to make it easier for administrators and staff to code their requisitions. With the required reporting of career-technical expenditures, account codes have become more complicated. As an example, the copier in the Teachers Work Area is used by everyone in the building. About 65 percent of the usage is done by career-technical teachers so three codes must now be used to account for copy costs – one for career-technical teachers, one for academic teachers, and one for administrative offices. It has forced a change in how we use grants. In the past, the grants were used to cover supplies, contracted services, mileages, and special purchases. The grants are now being used to pay for salaries also. The General Fund pays for textbooks, supplies, and equipment. The Treasurer for the Ashland County-West Holmes JVSD has been relatively conservative in calculating the items allowable until clarification has been received. There were no unspent career-technical weighted funds from FY2009.

Ashland County-West Holmes Joint Vocational School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2009

The classified staff voted to join the Ashland Vocational Teachers Association (AVTA) in April 2009. The classified staff had not been part of a bargaining unit in the past. The current agreement with AVTA runs from August 1, 2007, through July 31, 2010. The administrative team has presented a tentative draft of the agreement to AVTA which incorporates items that apply to the classified staff, but we have not received a clear response from the OEA representative on when we can begin to review the document together. Therefore, we could face additional challenges to our financial position as we enter FY2010.

While the Career Center is currently in a stable financial position, management and the Board of Education will have to continually plan carefully and prudently to provide the resources to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sherry Paullin, Treasurer of Ashland County-West Holmes District, 1783 State Route 60, Ashland, OH 44805.

Ashland County - West Holmes Joint Vocational School District

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,842,709
Cash and Cash Equivalents with Fiscal Agent	851,814
Receivables:	
Taxes	2,907,989
Accounts	30,620
Intergovernmental	146,021
Prepaid Items	79,337
Nondepreciable Capital Assets	50,000
Depreciable Capital Assets (Net)	<u>4,752,672</u>
<i>Total Assets</i>	<u>13,661,162</u>
Liabilities	
Accounts Payable	39,896
Accrued Wages and Benefits	517,344
Matured Compensated Absences Payable	44,227
Accrued Vacation Payable	71,087
Intergovernmental Payable	84,456
Deferred Revenue	2,167,555
Accrued Interest Payable	3,849
Claims Payable	81,262
Long Term Liabilities:	
Due Within One Year	138,446
Due in More Than One Year	<u>1,261,471</u>
<i>Total Liabilities</i>	<u>4,409,593</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,644,371
Restricted for:	
Capital Projects	362,966
Other Purposes	5,505
Unrestricted	<u>5,238,727</u>
<i>Total Net Assets</i>	<u>\$ 9,251,569</u>

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

Ashland County - West Holmes Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues				Net (Expense) and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	
Governmental Activities					
Instruction:					
Regular	\$ 588,543	\$ 0	\$ 96,359	\$ 0	\$ (492,184)
Special	256,467	0	309,532	0	53,065
Vocational	2,687,311	59,998	274,251	0	(2,353,062)
Adult Continuing	1,152,062	478,798	581,291	0	(91,973)
Student Intervention Services	4,477	0	0	0	(4,477)
Other	1,447	0	0	0	(1,447)
Support Services:					
Pupils	153,566	0	30,643	0	(122,923)
Instructional Staff	197,252	0	17,561	0	(179,691)
Board of Education	71,902	0	0	0	(71,902)
Administration	643,226	0	2,070	0	(641,156)
Fiscal	375,777	0	15,209	0	(360,568)
Business	4,609	0	0	0	(4,609)
Operation and Maintenance of Plant	489,194	3,025	3,567	91,420	(391,182)
Pupil Transportation	6,221	0	0	0	(6,221)
Central	63,214	0	44,546	0	(18,668)
Operation of Non-Instructional Services:					
Food Service Operations	135,542	48,559	50,244	0	(36,739)
Community Services	141,240	113,212	0	0	(28,028)
Extracurricular Activities	24,345	0	0	0	(24,345)
Interest and Fiscal Charges	50,690	0	0	0	(50,690)
Total Governmental Activities	<u>\$ 7,047,085</u>	<u>\$ 703,592</u>	<u>\$ 1,425,273</u>	<u>\$ 91,420</u>	<u>(4,826,800)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					2,623,762
Capital Outlay					411,296
Grants and Entitlements not Restricted to Specific Programs					2,701,298
Investment Earnings					42,183
Gain on Sale of Assets					15,695
Miscellaneous					89,778
Total General Revenues					<u>5,884,012</u>
Change in Net Assets					1,057,212
Net Assets Beginning of Year					<u>8,194,357</u>
Net Assets End of Year					<u>\$ 9,251,569</u>

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

Ashland County - West Holmes Joint Vocational School District

*Balance Sheet
Governmental Funds*

June 30, 2009

	<u>General</u>	<u>Adult Education</u>	<u>Miscellaneous Federal Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 3,704,677	\$ 586,542	\$ 158,855	\$ 392,635	\$ 4,842,709
Receivables:					
Taxes	2,512,977	0	0	395,012	2,907,989
Accounts	432	7,198	0	1,354	8,984
Interfund	235,882	11,397	0	0	247,279
Intergovernmental	0	5,690	99,337	40,994	146,021
Prepaid Items	59,824	9,127	1,446	8,940	79,337
<i>Total Assets</i>	<u>\$ 6,513,792</u>	<u>\$ 619,954</u>	<u>\$ 259,638</u>	<u>\$ 838,935</u>	<u>\$ 8,232,319</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 8,838	\$ 1,430	\$ 25,749	\$ 3,879	\$ 39,896
Accrued Wages and Benefits	433,760	41,452	9,243	32,889	517,344
Matured Compensated Absences Payable	44,227	0	0	0	44,227
Interfund Payable	0	0	235,882	11,397	247,279
Intergovernmental Payable	65,738	6,888	932	10,898	84,456
Deferred Revenue	2,026,537	0	99,337	318,458	2,444,332
<i>Total Liabilities</i>	<u>2,579,100</u>	<u>49,770</u>	<u>371,143</u>	<u>377,521</u>	<u>3,377,534</u>
Fund Balances					
Reserved for Encumbrances	10,000	0	128,300	0	138,300
Reserved for Property Taxes	486,440	0	0	76,554	562,994
Reserved for Termination Benefits	0	0	0	93,797	93,797
Unreserved:					
Designated for Budget Stabilization	72,189	0	0	0	72,189
Undesignated, Reported in:					
General Fund	3,366,063	0	0	0	3,366,063
Special Revenue Funds	0	570,184	(239,805)	24,809	355,188
Capital Projects Fund	0	0	0	266,254	266,254
<i>Total Fund Balances</i>	<u>3,934,692</u>	<u>570,184</u>	<u>(111,505)</u>	<u>461,414</u>	<u>4,854,785</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,513,792</u>	<u>\$ 619,954</u>	<u>\$ 259,638</u>	<u>\$ 838,935</u>	<u>\$ 8,232,319</u>

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

Ashland County - West Holmes Joint Vocational School District
Reconciliation of Total Governmental
Fund Balances to Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances	\$	4,854,785
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,802,672
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 99,337	
Delinquent Property Taxes	177,440	276,777
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		792,188
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is not recorded.		(3,849)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Vacation Payable	(71,087)	
Compensated Absences	(241,616)	
Bonds Payable	(1,059,942)	
Loan Payable	(98,359)	(1,471,004)
<i>Net Assets of Governmental Activities</i>	\$	9,251,569

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

Ashland County - West Holmes Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Adult Education	Miscellaneous Federal Grants	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 2,612,291	\$ 0	\$ 0	\$ 409,521	\$ 3,021,812
Intergovernmental	2,911,632	479,801	324,735	490,409	4,206,577
Investment Income	42,183	0	0	1,968	44,151
Tuition and Fees	16,872	478,798	0	43,726	539,396
Rentals	3,025	0	0	0	3,025
Charges for Services	111,366	0	0	49,805	161,171
Contributions and Donations	120	20	0	1,635	1,775
Miscellaneous	62,777	5,261	0	21,739	89,777
<i>Total Revenues</i>	<u>5,760,266</u>	<u>963,880</u>	<u>324,735</u>	<u>1,018,803</u>	<u>8,067,684</u>
Expenditures					
Current:					
Instruction:					
Regular	449,384	0	43,863	57,641	550,888
Special	157,944	0	51,677	57,120	266,741
Vocational	2,523,538	0	154,322	149,019	2,826,879
Adult Continuing	46,516	1,015,052	4,696	100,894	1,167,158
Student Intervention Services	422	0	7,831	0	8,253
Other	0	0	1,447	0	1,447
Support Services:					
Pupils	127,439	0	0	30,095	157,534
Instructional Staff	156,350	0	24,259	15,404	196,013
Board of Education	71,902	0	0	0	71,902
Administration	644,010	0	325	10,928	655,263
Fiscal	357,360	0	16,999	16,281	390,640
Business	4,084	0	0	525	4,609
Operation and Maintenance of Plant	445,145	0	0	32,621	477,766
Pupil Transportation	5,583	0	0	0	5,583
Central	14,559	0	30,000	18,655	63,214
Operation of Non-Instructional Services					
Food Service Operations	0	0	0	135,464	135,464
Community Services	136,139	0	4,112	989	141,240
Extracurricular Activities	24,345	0	0	0	24,345
Capital Outlay	0	0	0	224,623	224,623
Debt Service:					
Principal Retirement	882	0	0	133,553	134,435
Interest and Fiscal Charges	75	0	0	51,100	51,175
<i>Total Expenditures</i>	<u>5,165,677</u>	<u>1,015,052</u>	<u>339,531</u>	<u>1,034,912</u>	<u>7,555,172</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>594,589</u>	<u>(51,172)</u>	<u>(14,796)</u>	<u>(16,109)</u>	<u>512,512</u>
Other Financing Sources (Uses)					
Proceeds from Sales of Capital Assets	15,695	0	0	0	15,695
Transfers In	0	0	0	51,412	51,412
Transfers Out	(51,412)	0	0	0	(51,412)
<i>Total Other Financing Sources (Uses)</i>	<u>(35,717)</u>	<u>0</u>	<u>0</u>	<u>51,412</u>	<u>15,695</u>
<i>Net Change in Fund Balances</i>	558,872	(51,172)	(14,796)	35,303	528,207
<i>Fund Balances Beginning of Year</i>	<u>3,375,820</u>	<u>621,356</u>	<u>(96,709)</u>	<u>426,111</u>	<u>4,326,578</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,934,692</u>	<u>\$ 570,184</u>	<u>\$ (111,505)</u>	<u>\$ 461,414</u>	<u>\$ 4,854,785</u>

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

Ashland County - West Holmes Joint Vocational School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$	528,207
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset Additions	\$ 524,744	
Current Year Depreciation	<u>(285,556)</u>	239,188
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(6,953)
Other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	7,672	
Delinquent Property Taxes	<u>13,246</u>	20,918
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loans/Bonds	133,553	
Capital Lease	<u>882</u>	134,435
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		
		485
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Payable	4,700	
Compensated Absences	<u>(37,560)</u>	(32,860)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net loss of the internal service fund is reported with governmental activities.		
		<u>173,792</u>
<i>Change in Net Assets of Governmental Activities</i>	\$	<u><u>1,057,212</u></u>

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

Ashland County - West Holmes Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$ 2,541,133	\$ 2,541,133	\$ 2,438,067	\$ (103,066)
Intergovernmental	2,932,257	2,932,257	2,941,214	8,957
Investment Income	73,500	73,500	42,183	(31,317)
Tuition and Fees	23,600	23,600	16,834	(6,766)
Rentals	3,000	3,000	3,025	25
Charges for Services	138,500	138,500	145,535	7,035
Contributions and Donations	100	100	120	20
Miscellaneous	23,418	23,418	63,903	40,485
<i>Total Revenues</i>	<u>5,735,508</u>	<u>5,735,508</u>	<u>5,650,881</u>	<u>(84,627)</u>
Expenditures				
Current:				
Instruction:				
Regular	483,930	483,930	438,646	45,284
Special	165,359	165,359	161,825	3,534
Vocational	2,806,610	2,806,610	2,491,495	315,115
Adult Continuing	102,287	102,287	50,103	52,184
Student Intervention Services	1,200	1,200	422	778
Support Services:				
Pupils	124,207	124,207	126,458	(2,251)
Instructional Staff	183,901	183,901	158,589	25,312
Board of Education	156,978	156,978	81,873	75,105
Administration	669,388	669,388	641,007	28,381
Fiscal	369,782	369,782	359,360	10,422
Business	6,144	6,144	4,084	2,060
Operation and Maintenance of Plant	528,743	528,743	435,284	93,459
Pupil Transportation	12,516	12,516	5,589	6,927
Central	18,208	18,208	14,566	3,642
Operation of Non-Instructional Services:				
Community Services	160,884	160,884	136,120	24,764
Extracurricular Activities	33,007	33,007	24,305	8,702
Debt Service:				
Principal Retirement	882	882	882	0
Interest and Fiscal Charges	75	75	75	0
<i>Total Expenditures</i>	<u>5,824,101</u>	<u>5,824,101</u>	<u>5,130,683</u>	<u>693,418</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(88,593)</u>	<u>(88,593)</u>	<u>520,198</u>	<u>608,791</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	500	500	15,695	15,195
Refund of Prior Year Expenditures	30,000	30,000	5,265	(24,735)
Advances In	247,046	247,046	212,262	(34,784)
Advances Out	(69,784)	(69,784)	(235,882)	(166,098)
Transfers In	4,750	4,750	0	(4,750)
Transfers Out	(38,912)	(38,912)	(51,412)	(12,500)
<i>Total Other Financing Sources (Uses)</i>	<u>173,600</u>	<u>173,600</u>	<u>(54,072)</u>	<u>(227,672)</u>
<i>Net Change in Fund Balance</i>	85,007	85,007	466,126	381,119
<i>Fund Balance Beginning of Year</i>	3,116,712	3,116,712	3,116,712	0
Prior Year Encumbrances Appropriated	111,839	111,839	111,839	0
<i>Fund Balance End of Year</i>	<u>\$ 3,313,558</u>	<u>\$ 3,313,558</u>	<u>\$ 3,694,677</u>	<u>\$ 381,119</u>

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

Ashland County - West Holmes Joint Vocational School District
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 Adult Education Fund
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 743,490	\$ 743,490	\$ 474,876	\$ (268,614)
Tuition and Fees	747,943	747,943	477,720	(270,223)
Contributions and Donations	31	31	20	(11)
Miscellaneous	3,036	3,036	1,939	(1,097)
<i>Total Revenues</i>	<u>1,494,500</u>	<u>1,494,500</u>	<u>954,555</u>	<u>(539,945)</u>
Expenditures				
Current:				
Instruction:				
Adult Continuing	1,650,000	1,650,000	1,004,553	645,447
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(155,500)</u>	<u>(155,500)</u>	<u>(49,998)</u>	<u>105,502</u>
Other Financing Sources (Uses)				
Transfers In	105,500	105,500	0	(105,500)
Refund of Prior Year Expenditures	0	0	1,265	1,265
Advances Out	0	0	(11,397)	(11,397)
<i>Total Other Financing Sources (Uses)</i>	<u>105,500</u>	<u>105,500</u>	<u>(10,132)</u>	<u>(115,632)</u>
<i>Net Change in Fund Balance</i>	(50,000)	(50,000)	(60,130)	(10,130)
<i>Fund Balance Beginning of Year</i>	<u>646,672</u>	<u>646,672</u>	<u>646,672</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 596,672</u>	<u>\$ 596,672</u>	<u>\$ 586,542</u>	<u>\$ (10,130)</u>

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

Ashland County - West Holmes Joint Vocational School District
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Miscellaneous Federal Grant Fund
 For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,049,498	\$ 599,043	\$ 324,735	\$ (274,308)
Expenditures				
Current:				
Instruction:				
Regular	85,523	49,586	47,260	2,326
Special	71,328	57,743	47,756	9,987
Vocational	323,371	264,767	216,507	48,260
Adult Continuing	109,026	73,000	72,996	4
Student Intervention Services	11,696	13,794	7,831	5,963
Support Services:				
Instructional Staff	143,683	96,200	96,200	0
Administration	485	637	325	312
Fiscal	25,389	16,999	16,999	0
Central	44,808	30,000	30,000	0
Operation of Non-Instructional Services:				
Community Services	6,022	4,032	4,032	0
<i>Total Expenditures</i>	<u>821,331</u>	<u>606,758</u>	<u>539,906</u>	<u>66,852</u>
<i>Excess of Revenues Under Expenditures</i>	<u>228,167</u>	<u>(7,715)</u>	<u>(215,171)</u>	<u>(207,456)</u>
Other Financing Sources (Uses)				
Advances In	0	235,882	235,882	0
Advances Out	(212,262)	(212,262)	(212,262)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(212,262)</u>	<u>23,620</u>	<u>23,620</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	15,905	15,905	(191,551)	(207,456)
<i>Fund Balance Beginning of Year</i>	675	675	675	0
Prior Year Encumbrances Appropriated	<u>195,682</u>	<u>195,682</u>	<u>195,682</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 212,262</u>	<u>\$ 212,262</u>	<u>\$ 4,806</u>	<u>\$ (207,456)</u>

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

Ashland County - West Holmes Joint Vocational School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Cash and Cash Equivalents with Fiscal Agent	\$ 851,814
Accounts Receivable	<u>21,636</u>
<i>Total Current Assets</i>	<u>873,450</u>
Liabilities	
Claims Payable	<u>81,262</u>
Net Assets	
Unrestricted	<u><u>\$ 792,188</u></u>

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

Ashland County - West Holmes Joint Vocational School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 859,809
Operating Expenses	
Claims	535,496
Purchased Services	170,897
<i>Total Operating Expenses</i>	706,393
<i>Operating Income</i>	153,416
Non-Operating Revenue	
Interest	20,376
<i>Change in Net Assets</i>	173,792
<i>Net Assets Beginning of Year</i>	618,396
<i>Net Assets End of Year</i>	\$ 792,188

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

Ashland County - West Holmes Joint Vocational School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received from Charges for Services	\$ 859,809
Cash Paid for Services	(170,897)
Cash Paid for Claims	<u>(566,824)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>122,088</u>
Cash Flows From Investing Activities	
Interest on Investments	<u>20,376</u>
<i>Net Increase in Cash and Cash Equivalents</i>	142,464
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>709,350</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 851,814</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 153,416
Adjustments:	
Increase in Accounts Receivable	(21,636)
Decrease in Claims Payable	<u>(9,692)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 122,088</u></u>

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

Ashland County - West Holmes Joint Vocational School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 28,615	\$ 36,263
Liabilities		
Due to Students	0	\$ 36,263
Net Assets		
Held in Trust for Scholarships	\$ 28,615	

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

Ashland County - West Holmes Joint Vocational School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Contributions	\$ 390
Interest	163
Miscellaneous	400
<i>Total Additions</i>	953
Deductions	
Scholarships Awarded	401
<i>Change in Net Assets</i>	552
<i>Net Assets Beginning of Year</i>	28,063
<i>Net Assets End of Year</i>	\$ 28,615

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

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 1 – Description of the School District and Reporting Entity

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the “School District”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member school districts. The School District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership as of October 1, 2008 was 333. The School District employs 59 certificated and 26 non-certificated employees.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to, or can otherwise access, the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District does not have any component units.

The School District is associated with the Tri-County Computer Service Association (TCCSA) which is defined as a jointly governed organization. This organization is presented in Note 15 to the basic financial statements. The School District also participates in a claims servicing pool, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan, which is presented in Note 16.

Note 2 - Summary of Significant Accounting Policies

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Adult Education Fund - The adult education special revenue fund accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursements from the State Department of Education. Expenditures include supplies, salaries and textbooks.

Miscellaneous Federal Grants Fund - The miscellaneous federal grants fund accounts for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. This fund specifically accounts for a Small Business Administration grant and a Small Rural School grant.

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

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; the School District has no enterprise funds. The following is a description of the School District's internal service fund:

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

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus

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

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

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

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

D. Basis of Accounting

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

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 9.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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.

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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue.

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

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

E. Budgetary Data

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

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

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the internal service fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2009, investments were limited to repurchase agreements, STAROhio and a money market.

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

STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governmental within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$42,183, which includes \$15,549 assigned from other School District funds.

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District’s central bank account. The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 10 years
Buildings and Improvements	10 - 50 years
Infrastructure	50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Activity

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes and termination benefits. The School District designates portions of the fund balance, which the School District's Board of Education has segregated for specific future use.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities and grants. At June 30, 2009, none of the School District's net assets were restricted by enabling legislation.

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

O. Operating Revenues and Expenses

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

Q. Estimates

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

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

R. Changes in Accounting Principles

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments,*" GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,*" and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.*"

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 3 – Fund Deficits

GAAP basis fund balances at June 30, 2009 included the following individual fund deficits:

	Deficit
<i>Major Special Revenue Fund:</i>	
Miscellaneous Federal Grant Fund	\$ 111,505
<i>Nonmajor Special Revenue Funds:</i>	
Educational Management Information System	84
Adult Basic Literacy	3,059
Title II	867

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund, the adult education fund and the miscellaneous federal grants fund. The major differences between the budget basis and GAAP basis are:

- 1) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
- 4) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 4 - Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund, the adult education fund and the miscellaneous federal grants fund:

	Net Change in Fund Balance		
	<u>General</u>	<u>Adult Education</u>	<u>Miscellaneous Federal Grants</u>
GAAP Basis	\$ 558,872	\$ (51,172)	\$ (14,796)
Net Adjustments for Revenue Accruals	(104,120)	(8,060)	0
Advances In	212,262	0	235,882
Net Adjustment for Expenditure Accruals	44,994	10,499	(200,375)
Advances Out	(235,882)	(11,397)	(58,213)
Adjustment for Encumbrances	<u>(10,000)</u>	<u>0</u>	<u>(154,049)</u>
Budget Basis	<u>\$ 466,126</u>	<u>\$ (60,130)</u>	<u>\$ (191,551)</u>

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) 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 uninsured public monies deposited with the institution.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 5 – Deposits and Investments (Continued)

Interim monies to 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent 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 (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 5 – Deposits and Investments (Continued)

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2009, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was \$1,579,073. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2009, \$1,063,271 of the School District's bank balance of \$1,665,124 was exposed to custodial risk as discussed above, while \$618,383 was covered by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$851,814. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 5 – Deposits and Investments (Continued)

Investments

As of June 30, 2009, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAROhio	\$ 2,435,599	\$ 2,435,599
Repurchase Agreements	892,915	892,915
Total	\$ 3,328,514	\$ 3,328,514

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment in repurchase agreements is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk. The School District’s investments in the federal agency securities that underlie the District’s repurchase agreements were rated Aaa by Moody’s Investor Services. STAROhio has been given an AAA rating by Standard & Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2009:

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 2,435,599	73.17%
Repurchase Agreement	892,915	26.83%
Total	\$ 3,328,514	100.00%

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 6 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Construction in Progress	80,695	405,113	(485,808)	0
<i>Total Capital Assets not being depreciated</i>	130,695	405,113	(485,808)	50,000
<i>Capital Assets being depreciated</i>				
Land Improvements	131,437	0	0	131,437
Buildings and Improvements	7,741,894	487,654	0	8,229,548
Infrastructure	51,056	0	0	51,056
Furniture and Equipment	2,074,894	117,785	(250,880)	1,941,799
Vehicles	12,825	0	0	12,825
<i>Total Capital Assets being depreciated</i>	10,012,106	605,439	(250,880)	10,366,665
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(129,618)	(1,236)	0	(130,854)
Buildings and Building Improvements	(3,743,608)	(165,578)	0	(3,909,186)
Infrastructure	(36,845)	(1,021)	0	(37,866)
Furniture and Equipment	(1,650,387)	(117,084)	243,927	(1,523,544)
Vehicles	(11,906)	(637)	0	(12,543)
<i>Total Accumulated Depreciation</i>	(5,572,364)	(285,556) *	243,927	(5,613,993)
<i>Total Capital Assets being depreciated, net</i>	4,439,742	319,883	(6,953)	4,752,672
<i>Governmental Activities Capital Assets, Net</i>	\$ 4,570,437	\$ 724,996	\$ (492,761)	\$ 4,802,672

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 44,636
Special	1,613
Vocational	198,200
Adult/Continuing	8,723
Support Services:	
Pupils	205
Instructional Staff	721
Administration	2,092
Fiscal	292
Operation and Maintenance of Plant	25,724
Pupil Transportation	638
Food Service Operations	2,712
<i>Total Depreciation Expense</i>	\$ 285,556

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 7 - Long-Term Obligations

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

	Outstanding June 30, 2008	Additions	Reductions	Outstanding June 30, 2009	Due Within One Year
OWDA Loan, 2% interest rate, due 7/01/2012	\$ 129,862	\$ 0	\$ (31,503)	\$ 98,359	\$ 32,136
HB264, Energy Conservation Improvement bond, 4% interest rate, due 7/15/2020	452,892	0	(29,265)	423,627	30,455
Automotive Technology Equipment Bond, 3.5% interest rate, due 7/15/2010	75,458	0	(32,808)	42,650	33,971
HB264, Energy Conservation Improvement bond, 4.67% interest rate, due 7/1/2020	633,642	0	(39,977)	593,665	41,884
Capital Lease Payable	882	0	(882)	0	0
Compensated Absences	204,056	77,065	(39,505)	241,616	0
Total	\$ 1,496,792	\$ 77,065	\$ (173,940)	\$ 1,399,917	\$ 138,446

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. Payments will be made semi-annually through 2012.

On July 15, 2005, the School District issued \$160,000 of general obligation bonds for the purpose of acquiring and installing equipment to be used in the automotive technology program. The bonds mature on July 15, 2012 and carry an interest rate of 3.5 percent.

On July 15, 2005, the School District issued \$527,619 of general obligation bonds for the purpose of acquiring and installing energy conservation improvements. The bonds mature on July 15, 2020 and carry an interest rate of 4 percent.

On August 1, 2007, the School District issued \$668,781 of general obligation bonds for the purpose of additional energy conservation improvements. The bonds mature on July 1, 2020 and carry an interest rate of 4.67 percent.

The loans and bonds will be repaid with tax revenue from the permanent improvement fund. Compensated absences will be paid from adult education fund for employees whose salaries are paid from that fund. All other severance payments are paid from the termination benefits fund. In the event the food service funds has funds available, severance payments are made from that fund, otherwise, they are paid from the termination benefits fund.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 7 - Long-Term Obligations (Continued)

Year Ending June 30,	Bonds		OWDA Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 106,310	\$ 42,378	\$ 32,136	\$ 1,808	\$ 138,446	\$ 44,186
2011	84,251	40,169	32,782	1,161	117,033	41,330
2012	78,953	36,713	33,441	502	112,394	37,215
2013	82,486	33,180	0	0	82,486	33,180
2014	86,177	29,488	0	0	86,177	29,488
2015-2019	492,351	84,788	0	0	492,351	84,788
2020-2021	129,414	3,709	0	0	129,414	3,709
	<u>\$ 1,059,942</u>	<u>\$ 270,425</u>	<u>\$ 98,359</u>	<u>\$ 3,471</u>	<u>\$ 1,158,301</u>	<u>\$ 273,896</u>

Note 8 - Capital Leases

In prior years, the School District entered into a capitalized lease for the acquisition of a copier. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures within the major general fund in the basic financial statements for the governmental funds.

General capital assets, consisting of copiers, have been capitalized in the statement of net assets in the amount of \$3,055. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the statement of net assets. Principal payments in fiscal year 2009 totaled \$882 in the general fund.

The lease was paid off during the fiscal year ending June 30, 2009.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 9 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are payable annually or semi-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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 become a lien December 31, 2005, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009 are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 9 - Property Taxes (Continued)

Accrued property taxes receivable includes delinquent taxes outstanding, real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 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, 2009 was \$486,440 in the general fund and \$76,554 in the permanent improvement fund. The amount available as an advance at June 30, 2008 was \$312,216 in the general fund and \$48,895 in the permanent improvement 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.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,197,077,660	75.17%	\$ 1,253,961,269	77.22%
Commercial Industrial	225,147,830	14.14%	232,680,329	14.33%
Public Utility	93,640	0.01%	112,630	0.01%
Tangible Personal Property	169,994,754	10.68%	137,134,588	8.44%
Total Assessed Value	\$ 1,592,313,884	100.00%	\$ 1,623,888,816	100.00%

Note 10 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 10 – Defined Benefit Pension Plans (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$86,334, \$73,561 and \$74,416, respectively. The School District has contributed 100 percent for all fiscal years..

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Ashland County-West Holmes Joint Vocational School District

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2009

Note 10 – Defined Benefit Pension Plans (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$423,322, \$410,594 and \$397,670, respectively. The School District has contributed 100 percent for each fiscal year. Contributions to the DC and Combined Plans for fiscal year 2009 were \$6,046 made by the School District and \$5,762 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$55,152, \$43,099 and \$34,237, respectively. The School District has contributed 100 percent for all fiscal years..

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009 and 2008 were \$7,123 and \$5,300, respectively. The School District has contributed 100 percent for all fiscal years.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 11 - Postemployment Benefits (Continued)

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$32,563, \$31,584 and \$30,590, respectively. The District has contributed 100 percent for all three fiscal years.

Note 12 - Interfund Activity

A. Interfund Balances

Interfund balances at June 30, 2009 consist of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 235,882	\$ 0
Adult Education	11,397	0
Adult Basic Literacy	0	11,397
Miscellaneous Federal Grants	0	235,882
 Total	 \$ 247,279	 \$ 247,279

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid in fiscal year 2010 once the anticipated revenues are received.

B. Interfund Transfers

During the fiscal year, the general fund transferred \$18,912 to the termination benefits fund and \$32,500 to the food service fund to provide additional resources for current operations.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 13 – Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2008	\$ 0	\$ 0
Current Year Set-aside Requirement	56,140	56,140
Current Year Offsets	(190,931)	(190,931)
Qualifying Disbursements	0	0
Totals	\$ (134,791)	\$ (134,791)
Set-aside Balance Carried Forward to Future Fiscal Years	\$ 0	\$ 0
Set-aside Reserve Balance as of June 30, 2009	\$ 0	\$ 0

The School District had offsets during the fiscal year that reduced the textbook and capital acquisition set-aside amounts below zero. These amounts may not be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the two set-asides at the end of the fiscal year was \$-0-.

Note 14 - Risk Management

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately \$23,201,888. The School District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible for automobiles and \$1,000 deductible for buses. All board members, administrators, and employees are covered under a School District liability policy.

Additionally, the School District carries a \$2,000,000 Educational Liability Policy. The limits of this coverage are \$1,000,000 per occurrence and \$2,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 14 - Risk Management (Continued)

B. Fidelity Bond

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

C. Workers' Compensation

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

D. Employee Health Insurance

The School District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee. The liability for unpaid claims cost of \$81,262 is reported in the internal service fund at June 30, 2009, in accordance with Governmental Accounting Standards Board Statement No. 10. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

Changes in the fund's claims liability for 2008 and 2009 are listed below:

	Balance at Beginning of Year	Claims	Payments	Balance at end of Year
2009	\$ 90,954	\$ 557,132 *	\$ 566,824	81,262
2008	\$ 174,502	\$ 613,485	\$ 697,033	\$ 90,954

* Claims amount above is \$21,636 higher than reported on the statement of revenues, expenses and changes in fund net assets. This is due to a receivable at June 30, 2009 for a stop-loss reimbursement.

Ashland County-West Holmes Joint Vocational School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

Note 15 - Jointly Governed Organization

Tri-County Computer Service Association (TCCSA) - The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. The Ashland County-West Holmes Joint Vocational School District paid \$17,027 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2009 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

Note 16 – Claims Servicing Pool

Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (OME-RESA) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Ashland County-West Holmes Joint Vocational School District paid \$44,628 to OME-RESA during fiscal year 2009 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

Note 17 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

The School District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 30, 2009

To the Board of Education
Ashland County-West Holmes
Joint Vocational School District
Ashland, OH 44805

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the Ashland County-West Holmes Joint Vocational School District (the "School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain control deficiencies that we have reported to management in a separate letter dated November 30, 2009.

Ashland County-West Holmes
Joint Vocational School District
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
November 30, 2009
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*. However, we noted an immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated November 30, 2009.

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

Hea & Associates, Inc.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 30, 2009

To the Board of Education
Ashland County-West Holmes
Joint Vocational School District
Ashland, OH 44805

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Ashland County West Holmes Joint Vocational School District (the "School District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Ashland County West Holmes
Joint Vocational School District
Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Internal Control Over Compliance

The management of the School 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 School 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 but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted an immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated November 30, 2009.

This report is intended solely for the information and use of management, the 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 those specified parties.

Rea & Associates, Inc.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 ASHLAND COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
School Breakfast Program	10.553	2008	\$ 407		\$ 407	
		2009	5,388		5,388	
National School Lunch Program	10.555	2008	2,266		2,266	
		2009	34,323	\$ 5,131	34,323	\$ 5,131
Total - Nutrition Cluster			<u>42,384</u>	<u>5,131</u>	<u>42,384</u>	<u>5,131</u>
Total US Department of Agriculture			<u>42,384</u>	<u>5,131</u>	<u>42,384</u>	<u>5,131</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Adult Education - Basic Grants to States	84.002	2008	-		5,275	
		2009	44,137		44,137	
Total Adult Education-Basic Grants to States			<u>44,137</u>		<u>49,412</u>	
Federal Supplemental Educational Opportunity Grants	84.007	2009	5,000		5,000	
Federal Family Education Loans	84.032	2009	5,762		5,762	
Carl D. Perkins Technical Education Grant	84.048	2008	19,344		23,695	
		2009	194,353		202,462	
Total Carl Perkins			<u>213,697</u>		<u>226,157</u>	
Pell Grants	84.063	2008	1,333		1,333	
		2009	102,158		102,158	
Total Pell Grants			<u>103,491</u>		<u>103,491</u>	
Title V	84.298	2009	259		259	
ACRN Career Development Grant	84.346		-		325	
Small Rural Schools	84.358	2007	43,553		43,553	
		2008	41,783		22,540	
		2009	8,542		19,048	
Total Small Rural Schools			<u>93,878</u>		<u>85,141</u>	
Safe, Drug-Free Schools & Communities Act Grant	84.186	2009	567		567	
Title II-A	84.367	2009	936		936	
Total U. S. Department of Education Passed through Ohio Department of Education			<u>467,727</u>		<u>477,050</u>	
SMALL BUSINESS ADMINISTRATION						
<i>(Direct Award)</i>						
Small Business Administration Grant	59.000	SBAHQ-08- 1-0114	230,857		297,690	
Total Small Business Administration			<u>230,857</u>		<u>297,690</u>	
Total Federal Financial Assistance			<u>\$ 740,968</u>	<u>\$ 5,131</u>	<u>\$ 817,124</u>	<u>\$ 5,131</u>

See accompanying notes to schedule of expenditures of federal awards.

ASHLAND COUNTY WEST HOLMES
 JOINT VOCATIONAL SCHOOL DISTRICT
 ASHLAND COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2009

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2009, the School District had no significant food commodities inventory.

NOTE C: GUARANTEED STUDENT LOANS

For fiscal year 2008-2009, the School District certified \$5,672 in Guaranteed Student Loans and Supplemental Loans.

NOTE D: The School District generally must spend federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with the Ohio Department of Education's (ODE) approval, a School District can transfer unspent federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2009, ODE authorized the following transfer:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Pass-Through Entity Number (or Grant Year)</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.002	Adult Education-Basic Grant to States	2008	\$ 7,656	
84.002	Adult Education-Basic Grant to States	2009		\$ 7,656

ASHLAND COUNTY WEST HOLMES
JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS
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A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Small Business Administration Grant Carl D. Perkins Technical Education Grant	CFDA # 59.000 84.048
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

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

NONE	
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE	
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122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

November 30, 2009

Ashland County West Holmes
Joint Vocational School District
Ashland, OH 44805

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Ashland County West Holmes Joint Vocational School District (the School District District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 20, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2009**