



**Auditor of State  
Betty Montgomery**



**ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Joint Vocational School District  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashtabula County Joint Vocational School District, Ashtabula County (the District), as of and for the year ended June 30, 2004, which collectively comprise the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Ashtabula County Joint Vocational School District, Ashtabula County as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Youth Opportunity Grant Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18, during the year ended June 30, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* and GASB Interpretation No.6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2005, on our consideration of the Districts internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditure is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditure to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

June 7, 2005

**Ashtabula County Joint Vocational School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
*Unaudited*

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As management of the Ashtabula County Joint Vocational School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- For governmental activities, net assets increased \$1.1 million, which represents a 10 percent increase from 2003. Net assets of business-type related activities increased \$89,590, or 17 percent from 2003.
- General revenues accounted for \$8.7 million in revenue or 75 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3 million or 25 percent of total governmental revenues of \$40.1 million.
- The District had \$10.6 million in expenses related to governmental activities; only \$3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and intergovernmental) of \$8.7 million were adequate to provide for these programs.
- Among major funds, the general fund had \$8.9 million in revenues and \$8.2 million in expenditures. The general fund's fund balance increased to \$5 million from \$4.3 million.
- Youth opportunity fund had \$0.61 million in revenue and \$0.62 million in expenditures, which resulted in a decrease of the fund balance from negative \$36 thousand to negative \$51 thousand.
- The permanent improvements fund had \$0.47 million in revenue and \$0.41 million in expenditures, which resulted in an increase of the fund balance from \$2.9 million to \$3.0 million.
- Net assets for business-type activity increased by \$89,590. Total expenses were \$1.3 million, which all of these expenses was offset by program revenues and general revenues.

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**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District basic financial statements comprise three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements*** The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instruction, supporting service, operation of non-instructional services, extracurricular activities, interest and fiscal charges, pass thru payments, and loss of sale of capital assets. The business-type activity of the District includes only adult education.

The government-wide financial statements can be found on pages 15-17 of this report.

***Fund Financial Statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary fund.



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

The basic fund financial statements can be found on pages 18-23 of this report.

*Proprietary Fund* Proprietary fund uses the same basis of accounting as business-type activity; therefore, these statements will essentially match the information provided in statements for the District as a whole.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

*Fiduciary Fund* Fiduciary fund is used to account for resources held for the benefit of parties outside the government. Fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund is not available to support the District's own programs. The accounting used for fiduciary fund is much like that used for proprietary fund.

The basic fiduciary fund financial statement can be found on page 27 of this report.

*Notes to the Basic Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In this case of the District, assets exceeded liabilities by \$12 million at the close of the most recent fiscal year.

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By far the largest portion of the District's net assets (39 percent) reflects its unrestricted net assets. It may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the District's net assets (31 percent) represent resources that are subject to external restrictions on how they may be used.

The remaining balance of net assets (\$3.65 million) is investment in capital assets (e.g., land, buildings, equipments, furniture, vehicles, and textbooks), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Ashtabula County Joint Vocational School District's Net Assets**  
**(In Millions)**

|  | Governmental Activities<br>2004 | Business-Type Activities<br>2004 | Total<br>2004   |
|--|---------------------------------|----------------------------------|-----------------|
| <b>Assets:</b>                                     |                                 |                                  |                 |
| Current and Other Assets                           | \$ 12.89                        | \$ 0.67                          | \$ 13.56        |
| Capital Assets, Net                                | 3.66                            | 0.02                             | 3.68            |
| <i>Total Assets</i>                                | <u>16.55</u>                    | <u>0.69</u>                      | <u>17.24</u>    |
| <b>Liabilities:</b>                                |                                 |                                  |                 |
| Current Liabilities                                | 3.76                            | 0.08                             | 3.84            |
| Long-term Liabilities                              | 0.72                            | 0.01                             | 0.73            |
| <i>Total Liabilities</i>                           | <u>4.48</u>                     | <u>0.09</u>                      | <u>4.57</u>     |
| <b>Net Assets:</b>                                 |                                 |                                  |                 |
| Invested in Capital Assets,<br>Net of Related Debt | 3.65                            | 0.01                             | 3.66            |
| Restricted   | 3.72                            | -                                | 3.72            |
| Unrestricted                                       | 4.70                            | 0.59                             | 5.29            |
| <i>Total Net Assets</i>                            | <u>\$ 12.07</u>                 | <u>\$ 0.60</u>                   | <u>\$ 12.67</u> |

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

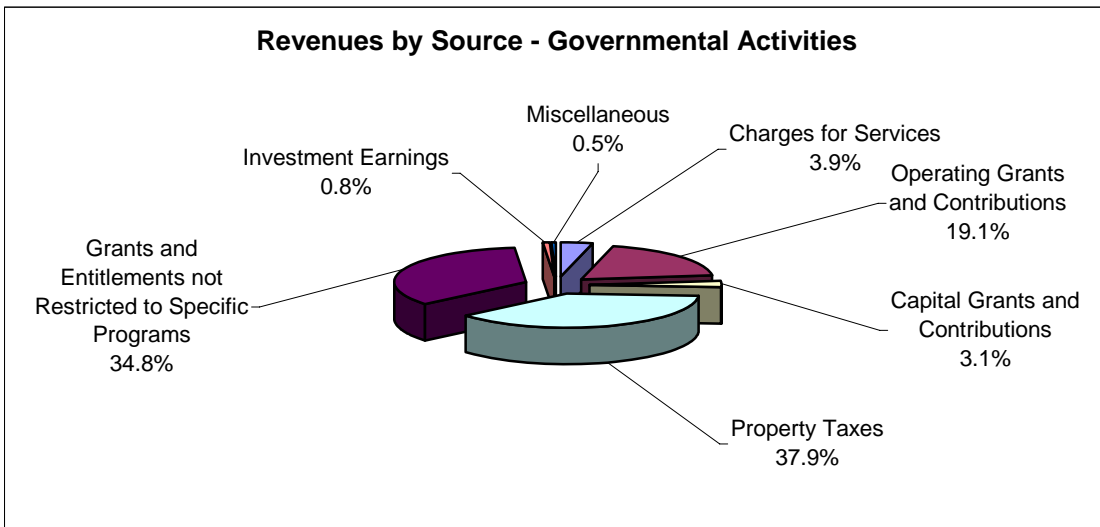
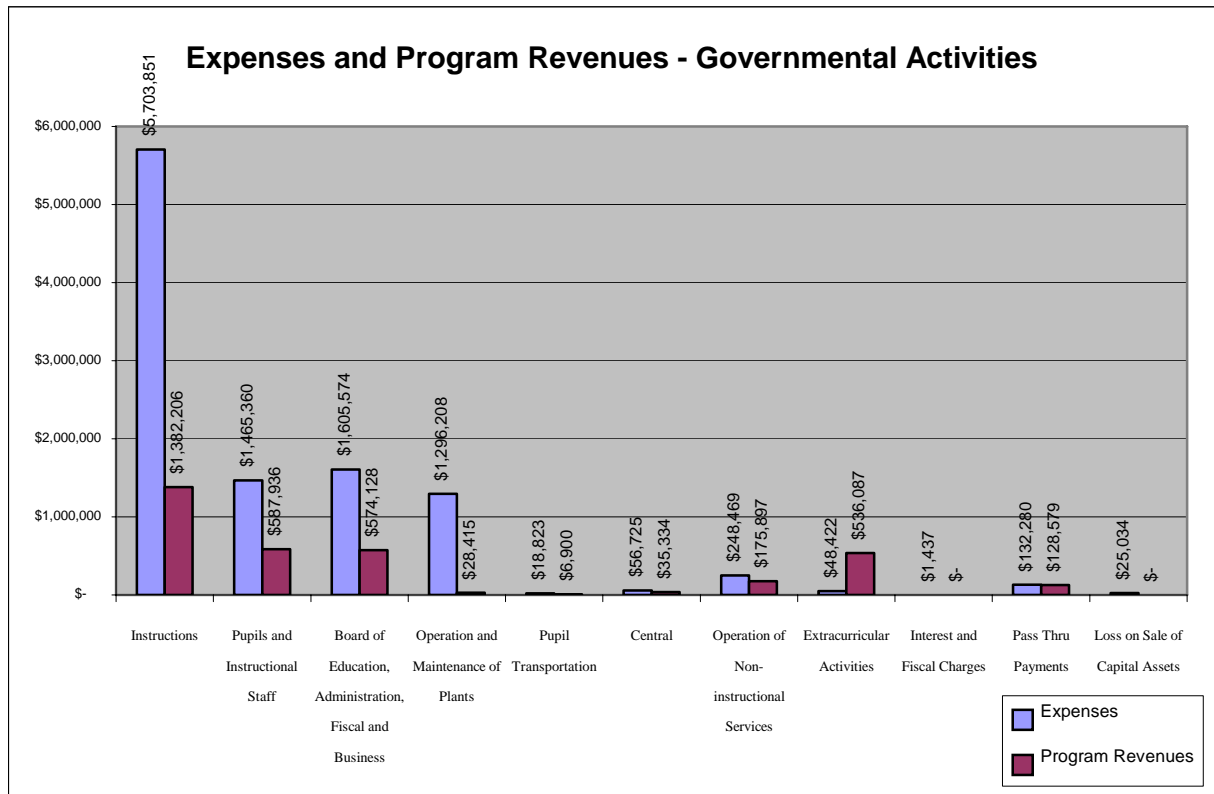
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**Ashtabula County Joint Vocational School District's Changes in Net Assets**

|   | Governmental<br>Activities<br>2004 | Business-type<br>Activities<br>2004 |
|---|------------------------------------|-------------------------------------|
| <b>Revenue:</b>                         |                                    |                                     |
| Program Revenues:                       |                                    |                                     |
| Charges for Services and Sales          | \$ 441,908                         | \$ 605,660                          |
| Operating Grants and Contributions      | 2,170,891                          | 512,123                             |
| Capital Grants and Contributions        | 350,201                            | -                                   |
| General Revenues:                       |                                    |                                     |
| Property Taxes                          | 4,310,837                          | -                                   |
| Grants and Entitlements                 | 3,955,935                          | -                                   |
| Investment Earnings                     | 89,477                             | -                                   |
| Miscellaneous                           | 361,057                            | 224,432                             |
| <b>Total Revenues</b>                   | <b>11,680,306</b>                  | <b>1,342,215</b>                    |
| <b>Expenses:</b>                        |                                    |                                     |
| Instructions:                           |                                    |                                     |
| Regular                                 | 620,317                            | -                                   |
| Special                                 | 175,628                            | -                                   |
| Vocational                              | 4,596,494                          | -                                   |
| Adult                                   | 195,249                            | -                                   |
| Other                                   | 116,163                            | -                                   |
| Support Services:                       |                                    |                                     |
| Pupils                                  | 716,612                            | -                                   |
| Instructional Staff                     | 748,748                            | -                                   |
| Board of Education                      | 78,847                             | -                                   |
| Administration                          | 1,110,303                          | -                                   |
| Fiscal                                  | 326,421                            | -                                   |
| Business                                | 90,003                             | -                                   |
| Operation and Maintenance of Plant      | 1,296,208                          | -                                   |
| Pupil Transportation                    | 18,823                             | -                                   |
| Central                                 | 56,725                             | -                                   |
| Operation of Non-instructional Services | 248,469                            | -                                   |
| Extracurricular Activities              | 48,422                             | -                                   |
| Fiscal and Interest Charges             | 1,437                              | -                                   |
| Pass Thru Payments                      | 132,280                            | -                                   |
| Loss on Sales of Capital Assets         | 25,034                             | -                                   |
| Adult Education                         | -                                  | 1,252,625                           |
| <b>Total Expenses</b>                   | <b>10,602,183</b>                  | <b>1,252,625</b>                    |
| Changes in Net Assets                   | 1,078,123                          | 89,590                              |
| Beginning Net Assets                    | 10,987,022                         | 514,982                             |
| Ending Net Assets                       | <b>\$ 12,065,145</b>               | <b>\$ 604,572</b>                   |

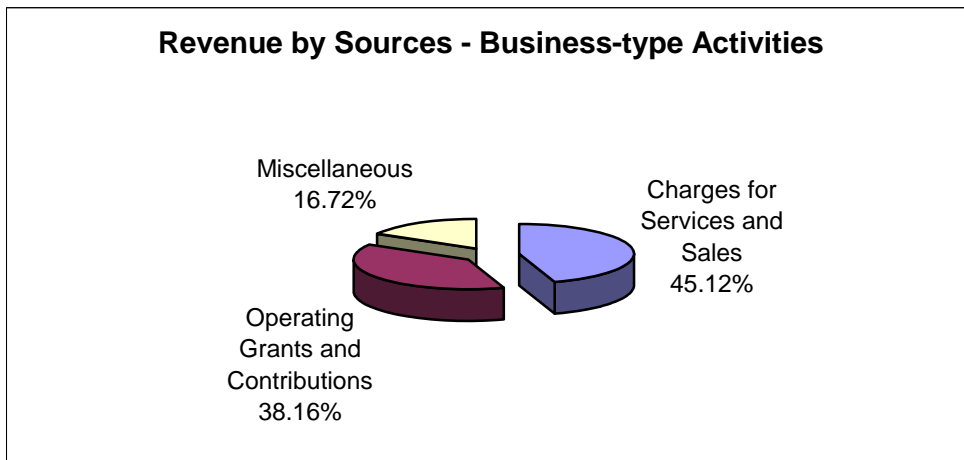
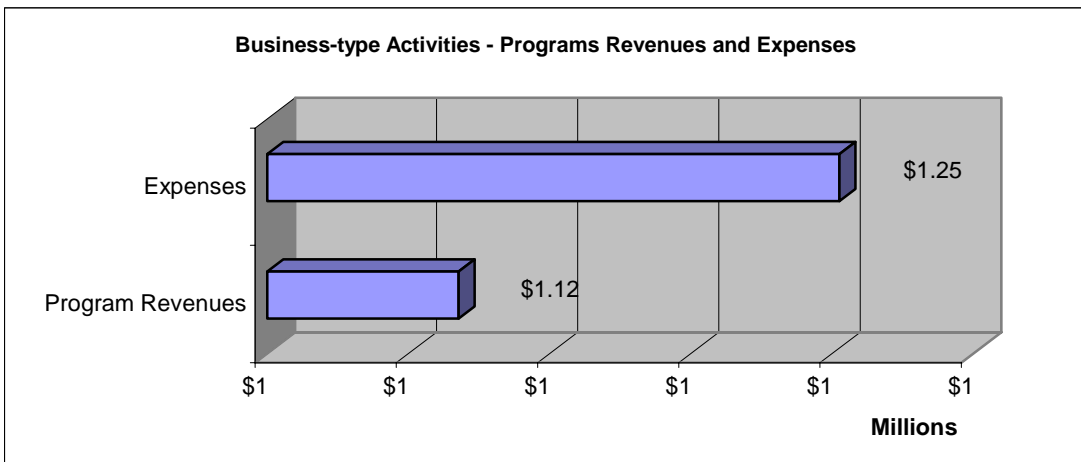
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The government's net assets increased by \$1.1 million during the current fiscal year. Since this is the first year the District has prepared financial statements following GASB Statement 34, net asset comparisons to prior fiscal years are not available.

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**Business-Type Activities.** Business-type activity includes only adult education operation. The adult education had program revenues of \$1,117,783 and general revenue of \$224,423, and expenses of \$1,252,625 for the fiscal year 2004. This resulted in an increase to net assets for the fiscal year of \$89,590. The adult education is self-supporting through user fees and charges and operating grants. The management assesses their performance to ensure that it is run efficiently.



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**Financial Analysis of the Government's Funds**

**Governmental Fund.** Information about the District's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11.8 million and expenditures of \$10.9 million. The total governmental fund balance increased \$0.9 million. The net change in governmental fund balance for the year was most significant in the general fund, where the general fund's net assets increased by \$0.7 million for fiscal year 2004.

Key factors in this increase of fund balance for the major governmental funds are as follows:

- While the revenues in General Fund remained relatively same as previous year, the expenditures decreased significantly, and it resulted in a net change in fund balance of \$725,634.
- The Permanent Improvement Fund brought in \$0.47 million of revenue during the current year, but \$0.41 million were spent for various improvements, and it increased the fund balance by \$62 thousand.

**Proprietary Fund.** Information about the District's proprietary fund starts on page 24. Since Adult Education Fund is the only fund, the analysis is presented on the business-type activities.

***Major Funds Budgeting Highlights***

The 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 funds are the General Fund and Youth Opportunities Grant Fund.

During the course of fiscal year 2004 the District amended its General Fund budget and Youth Opportunities Grant Fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$8.8 million, over the original budget estimate of \$8.3 million. Of this \$0.5 million difference, property tax revenue increased approximately \$633 thousand while intergovernmental revenue decreased approximately

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\$360 thousand over original estimates. These two revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations. Different between the original budget appropriations and the final amended budget appropriations of the General Fund were approximately \$162 thousand. The change was mostly contributed from the increased in transfer out, \$198 thousand.

For the Youth Opportunities Grant Fund, budget basis revenue was \$1.0 million, over the original budget estimate of \$0.8 million. Of this \$0.2 million difference, intergovernmental revenue increased approximately \$177 thousand over original estimates. Final amended budget appropriation increase slightly, \$10,000, compared to the original budget appropriation.

**Capital Assets and Debt Administration**

*Capital Assets.* The District's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$3.66 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, furniture, vehicles and textbooks. The total increase in the District's investment in capital assets for the current fiscal year was 2 percent. While governmental activities increased by 2 percent, the business-type activities decreased by 13 percent.

**Ashtabula County Joint Vocational School District's Capital Assets  
(Net of Depreciation)**

|                                  | Governmental Activities |                     | Business-type Activities |                  | Total               |                     |
|----------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
|                                  | 2004                    | 2003                | 2004                     | 2003             | 2004                | 2003                |
| Land and Improvements            | \$ 153,226              | \$ 185,788          | \$ -                     | \$ -             | \$ 153,226          | \$ 185,788          |
| Buildings and Improvements       | 1,999,414               | 2,005,230           | -                        | -                | 1,999,414           | 2,005,230           |
| Furniture/Equipment/Fixtures     | 1,349,204               | 1,246,739           | 10,594                   | 12,281           | 1,359,798           | 1,259,020           |
| Vehicles                         | 131,899                 | 141,704             | 4,524                    | 5,041            | 136,423             | 146,745             |
| Textbooks                        | 28,901                  | -                   | -                        | -                | 28,901              | -                   |
| <b>Total Capital Assets, Net</b> | <b>\$ 3,662,644</b>     | <b>\$ 3,579,461</b> | <b>\$ 15,118</b>         | <b>\$ 17,322</b> | <b>\$ 3,677,762</b> | <b>\$ 3,596,783</b> |

Major capital asset events during the current year included the following:

- The District changed the capitalization threshold from five hundred dollars to twelve hundred dollars. The change reduced \$4,964,285 of the beginning governmental activities net capital assets, and \$8,036 of the beginning business-type activities net capital assets.

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- While the District acquired \$362 thousand of capital assets, which included buildings and improvements, equipment, furniture and textbooks, \$97 thousand of equipment and vehicles were retired.

Additional information on the District's capital assets can be found in note 8 of the basic financial statements.

*Debt.* At June 30, 2004, the District did not have any long-term debts.

### **Set-Aside Requirements**

For fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2004, this amounted to \$98,572 for each set aside.

### **Current Financial Related Activities**

Ashtabula County Joint Vocational School District is strong financially. As the preceding information shows, the District heavily depends on its property taxpayers. The District has recently passed two levies that will allow the continuation of its education programs. The District has a total of 4.11 mills levied; of which 3.31 is continuing millage.

A .5 Mill Current Expense Renewal Tax Levy for three years, beginning with the tax list and duplicate for 2004 and ending in 2006, was passed on November 7, 2003, the proceeds of which levy would be available to the school district in calendar years 2005-2007. The purpose of this levy is to provide for the current operating expenses of the school district. It passed by a margin of 58% for the levy and 42% against the levy.

The Certificate of Estimated Property Tax Revenue from the Ashtabula County Auditor estimates the annual property tax revenue that will be produced by the levy is calculated to be \$677,161, assuming the tax valuation of the subdivision remains constant throughout the life of the levy. The tax valuation used was \$1,709,278,030.

A .3 Mill Permanent Improvement Renewal Tax Levy for three years, beginning with the tax list and duplicate for 2005 and ending in 2009, passed November 2, 2004, the proceeds of which levy would be available to the school district in calendar years 2006-2010. The purpose of this levy is for paying costs of improving and rehabilitating school facilities, acquiring and rehabilitating furnishings and equipment and equipping and otherwise improving school sites. It passed by a margin of 57% for the levy and 42% against the levy.



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The Certificate of Estimated Property Tax Revenue from the Ashtabula County Auditor estimates the annual property tax revenue that will be produced by the levy is calculated to be \$303,241, assuming the tax valuation of the subdivision remains constant throughout the life of the levy. The tax valuation used was \$1,710,879,240.

With the passage of these levies the District has been able to continue its education programs. However, financially the future is not without challenges.

While the District was successful in maintaining its tax revenue base in 2003 and 2004, this does not constitute an increase. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

Decreases in state foundation payments for fiscal year 2004 were due to a change in calculating vocational weights in some programs. Property valuations provide no significant increase in future revenues. Any increases in property tax revenues, along with increases in state foundation payments due to increased enrollment, may help to keep up with increased costs. But our enrollment is dependent on many factors and the school must work hard to maintain its current enrollment, as we do not have a "captive audience" of automatic students enrolling. With its major sources of revenue keeping pace with expenditure increases, the District must still be vigilant to continue current operations. However, the District cannot look to the State of Ohio for increased revenue.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that it thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Ashtabula County Joint Vocational School District. Thus, both taxes and state revenue are fixed or declining.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

**Ashtabula County Joint Vocational School District**

*Statement of Net Assets*

*June 30, 2004*

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                                   |                                    |                                     |                      |
| Equity in Pooled Cash and Cash Equivalents      | \$ 7,411,491                       | \$ 251,667                          | \$ 7,663,158         |
| Receivables:                                    |                                    |                                     |                      |
| Taxes   | 4,481,800                          | -                                   | 4,481,800            |
| Accounts  | 774,336                            | 425,509                             | 1,199,845            |
| Intergovernmental                               | 180,114                            | -                                   | 180,114              |
| Accrued Interest                                | 11,922                             | -                                   | 11,922               |
| Inventory Held for Resale                       | 5,921                              | -                                   | 5,921                |
| Materials and Supplies Inventory                | 19,582                             | -                                   | 19,582               |
| Nondepreciable Capital Assets                   | 153,226                            | -                                   | 153,226              |
| Depreciable Capital Assets, Net                 | <u>3,509,418</u>                   | <u>15,118</u>                       | <u>3,524,536</u>     |
| <i>Total Assets</i>                             | <u>16,547,810</u>                  | <u>692,294</u>                      | <u>17,240,104</u>    |
| <b>Liabilities</b>                              |                                    |                                     |                      |
| Accounts Payable                                | 117,811                            | 4,087                               | 121,898              |
| Accrued Wages and Benefits                      | 786,464                            | 54,726                              | 841,190              |
| Compensated Absences Payable                    | 15,702                             | 3,032                               | 18,734               |
| Pension Obligation Payable                      | 118,348                            | 7,268                               | 125,616              |
| Intergovernmental Payable                       | 33,321                             | 4,220                               | 37,541               |
| Unearned Revenue                                | 2,686,644                          | -                                   | 2,686,644            |
| Due to Students                                 | 20                                 |                                     | 20                   |
| Long-Term Liabilities:                          |                                    |                                     |                      |
| Due Within One Year                             | 95,489                             | -                                   | 95,489               |
| Due In More Than One Year                       | <u>628,866</u>                     | <u>14,389</u>                       | <u>643,255</u>       |
| <i>Total Liabilities</i>                        | <u>4,482,665</u>                   | <u>87,722</u>                       | <u>4,570,387</u>     |
| <b>Net Assets</b>                               |                                    |                                     |                      |
| Invested in Capital Assets, Net of Related Debt | 3,662,644                          | 15,118                              | 3,677,762            |
| Restricted for:                                 |                                    |                                     |                      |
| Capital Projects                                | 3,065,943                          | -                                   | 3,065,943            |
| Other Purposes                                  | 653,526                            | -                                   | 653,526              |
| Unrestricted (Deficit)                          | <u>4,683,032</u>                   | <u>589,454</u>                      | <u>5,272,486</u>     |
| <i>Total Net Assets</i>                         | <u>\$ 12,065,145</u>               | <u>\$ 604,572</u>                   | <u>\$ 12,669,717</u> |

*The note to the basic financial statements are an integral part of this statement.*

**Ashtabula County Joint Vocational School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

|   | Program Revenues     |                                   |                                       |                                     |
|---|----------------------|-----------------------------------|---------------------------------------|-------------------------------------|
|   | Expenses             | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions |
| <b>Governmental Activities</b>          |                      |                                   |                                       |                                     |
| Instruction:                            |                      |                                   |                                       |                                     |
| Regular                                 | \$ 620,317           | \$ -                              | \$ 9,681                              | \$ 640                              |
| Special                                 | 175,628              | -                                 | -                                     | 850                                 |
| Vocational                              | 4,596,494            | 282,291                           | 490,498                               | 267,555                             |
| Adult                                   | 195,249              | -                                 | 204,528                               | 10,000                              |
| Other                                   | 116,163              | -                                 | 116,163                               | -                                   |
| Support Services:                       |                      |                                   |                                       |                                     |
| Pupils                                  | 716,612              | -                                 | 498,826                               | 9,366                               |
| Instructional Staff                     | 748,748              | -                                 | 68,825                                | 10,919                              |
| Board of Education                      | 78,847               | -                                 | -                                     | -                                   |
| Administration                          | 1,110,303            | -                                 | 562,672                               | 10,716                              |
| Fiscal                                  | 326,421              | -                                 | 740                                   | -                                   |
| Business                                | 90,003               | -                                 | -                                     | -                                   |
| Operation and Maintenance of Plant      | 1,296,208            | -                                 | 160                                   | 28,255                              |
| Pupil Transportation                    | 18,823               | -                                 | -                                     | 6,900                               |
| Central                                 | 56,725               | -                                 | 30,334                                | 5,000                               |
| Operation of Non-Instructional Services | 248,469              | 116,012                           | 59,885                                | -                                   |
| Extracurricular Activities              | 48,422               | 43,605                            | -                                     | -                                   |
| Interest and Fiscal Charges             | 1,437                | -                                 | -                                     | -                                   |
| Pass Thru Payments                      | 132,280              | -                                 | 128,579                               | -                                   |
| Loss on Sale of Capital Assets          | 25,034               | -                                 | -                                     | -                                   |
| <i>Total Governmental Activities</i>    | <u>10,602,183</u>    | <u>441,908</u>                    | <u>2,170,891</u>                      | <u>350,201</u>                      |
| <b>Business-Type Activities</b>         |                      |                                   |                                       |                                     |
| Adult Education                         | 1,252,625            | 605,660                           | 512,123                               | -                                   |
| <i>Total Business-Type Activities</i>   | <u>1,252,625</u>     | <u>605,660</u>                    | <u>512,123</u>                        | <u>-</u>                            |
| <b>Totals</b>                           | <u>\$ 11,854,808</u> | <u>\$ 1,047,568</u>               | <u>\$ 2,683,014</u>                   | <u>\$ 350,201</u>                   |

General Revenues:  
Property Taxes Levied for:  
  General Purposes  
  Capital Projects  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous

*Total General Revenues*

Changes in Net Assets

*Net Assets Beginning of Year - As Restated (See Note 18)*

*Net Assets End of Year*

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue  
and Changes in Net Assets

| Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|----------------------------|-----------------------------|-----------------------|
| \$ (609,996)               | \$ -                        | \$ (609,996)          |
| (174,778)                  | -                           | (174,778)             |
| (3,556,150)                | -                           | (3,556,150)           |
| 19,279                     | -                           | 19,279                |
| -                          | -                           | -                     |
| (208,420)                  | -                           | (208,420)             |
| (669,004)                  | -                           | (669,004)             |
| (78,847)                   | -                           | (78,847)              |
| (536,915)                  | -                           | (536,915)             |
| (325,681)                  | -                           | (325,681)             |
| (90,003)                   | -                           | (90,003)              |
| (1,267,793)                | -                           | (1,267,793)           |
| (11,923)                   | -                           | (11,923)              |
| (21,391)                   | -                           | (21,391)              |
| (72,572)                   | -                           | (72,572)              |
| (4,817)                    | -                           | (4,817)               |
| (1,437)                    | -                           | (1,437)               |
| (3,701)                    | -                           | (3,701)               |
| (25,034)                   | -                           | (25,034)              |
| <u>(7,639,183)</u>         | <u>-</u>                    | <u>(7,639,183)</u>    |
| -                          | (134,842)                   | (134,842)             |
| -                          | (134,842)                   | (134,842)             |
| <u>\$ (7,639,183)</u>      | <u>\$ (134,842)</u>         | <u>\$ (7,774,025)</u> |
| <br>                       |                             |                       |
| \$ 3,995,097               | \$ -                        | \$ 3,995,097          |
| 315,740                    | -                           | 315,740               |
| 3,955,935                  | -                           | 3,955,935             |
| 89,477                     | -                           | 89,477                |
| 361,057                    | 224,432                     | 585,489               |
| <u>8,717,306</u>           | <u>224,432</u>              | <u>8,941,738</u>      |
| 1,078,123                  | 89,590                      | 1,167,713             |
| <u>10,987,022</u>          | <u>514,982</u>              | <u>11,502,004</u>     |
| <u>\$ 12,065,145</u>       | <u>\$ 604,572</u>           | <u>\$ 12,669,717</u>  |

**Ashtabula County Joint Vocational School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2004*

|  | General             | Youth<br>Opportunities<br>Grant | Permanent<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------|---------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                     |                                 |                           |                                |                                |
| Equity in Pooled Cash and Investments      | \$ 3,897,940        | \$ 144,680                      | \$ 2,937,633              | \$ 431,238                     | \$ 7,411,491                   |
| Receivables:                               |                     |                                 |                           |                                |                                |
| Taxes                                      | 4,152,255           | -                               | 329,545                   | -                              | 4,481,800                      |
| Accounts                                   | 185,025             | 228,250                         | -                         | 361,061                        | 774,336                        |
| Intergovernmental                          | -                   | -                               | -                         | 180,114                        | 180,114                        |
| Accrued Interest                           | 11,922              | -                               | -                         | -                              | 11,922                         |
| Interfund Receivable                       | 478,995             | -                               | -                         | -                              | 478,995                        |
| Inventory Held for Resale                  | -                   | -                               | -                         | 5,921                          | 5,921                          |
| Materials and Supplies Inventory           | 18,543              | -                               | -                         | 1,039                          | 19,582                         |
| <b>Total Assets</b>                        | <b>8,744,680</b>    | <b>372,930</b>                  | <b>3,267,178</b>          | <b>979,373</b>                 | <b>13,364,161</b>              |
| <b>Liabilities</b>                         |                     |                                 |                           |                                |                                |
| Accounts Payable                           | 53,091              | 39,552                          | 4,388                     | 20,780                         | 117,811                        |
| Accrued Wages and Benefits                 | 721,183             | 10,273                          | -                         | 55,008                         | 786,464                        |
| Compensated Absences Payable               | 15,702              | -                               | -                         | -                              | 15,702                         |
| Pension Obligation Payable                 | 93,518              | 1,437                           | -                         | 6,817                          | 101,772                        |
| Interfund Payable                          | -                   | 372,500                         | -                         | 106,495                        | 478,995                        |
| Due to Students                            | 20                  | -                               | -                         | -                              | 20                             |
| Intergovernmental Payable                  | 27,974              | 554                             | -                         | 4,793                          | 33,321                         |
| Deferred Revenue                           | 2,796,589           | -                               | 221,501                   | 26,826                         | 3,044,916                      |
| <b>Total Liabilities</b>                   | <b>3,708,077</b>    | <b>424,316</b>                  | <b>225,889</b>            | <b>220,719</b>                 | <b>4,579,001</b>               |
| <b>Fund Balances</b>                       |                     |                                 |                           |                                |                                |
| Reserved for:                              |                     |                                 |                           |                                |                                |
| Encumbrances                               | 196,415             | 83,174                          | 228,501                   | 91,463                         | 599,553                        |
| Inventory                                  | 18,543              | -                               | -                         | 6,960                          | 25,503                         |
| Future Appropriation                       | 1,355,666           | -                               | 108,044                   | -                              | 1,463,710                      |
| Unreserved:                                |                     |                                 |                           |                                |                                |
| Undesignated:                              |                     |                                 |                           |                                |                                |
| General Fund                               | 3,465,979           | -                               | -                         | -                              | 3,465,979                      |
| Special Revenue Funds                      | -                   | (134,560)                       | -                         | 660,231                        | 525,671                        |
| Capital Projects Funds                     | -                   | -                               | 2,704,744                 | -                              | 2,704,744                      |
| <b>Total Fund Balances</b>                 | <b>5,036,603</b>    | <b>(51,386)</b>                 | <b>3,041,289</b>          | <b>758,654</b>                 | <b>8,785,160</b>               |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 8,744,680</b> | <b>\$ 372,930</b>               | <b>\$ 3,267,178</b>       | <b>\$ 979,373</b>              | <b>\$ 13,364,161</b>           |

The notes to the basic financial statements are an integral part of this statement.

**Ashtabula County Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2004*

|   |         |                      |
|---|---------|----------------------|
| <b>Total Governmental Fund Balances</b>   |         | \$ 8,785,160         |
| <br><b><i>Amounts reported for governmental activities in the<br/>statement of net assets are different because</i></b>                     |         |                      |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                     |         | 3,662,644            |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.                    |         |                      |
| Taxes   | 331,446 |                      |
| Intergovernmental   | 26,826  |                      |
| Total   |         | 358,272              |
| Long-term liabilities, including bonds, payable, are not due and payable in the current period and therefore are not reported in the funds. |         |                      |
| Capital Leases  | 14,162  |                      |
| Compensated Absences  | 710,193 |                      |
| Pension Obligation Payable  | 16,576  |                      |
| Total   |         | (740,931)            |
| <b><i>Net Assets of Governmental Activities</i></b>   |         | <b>\$ 12,065,145</b> |

The notes to the basic financial statements are an integral part of this statement.

**Ashtabula County Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

|  | General             | Youth<br>Opportunities<br>Grant | Permanent<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------|---------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                      |                     |                                 |                           |                                |                                |
| Taxes  | \$ 3,958,172        | \$ -                            | \$ 312,400                | \$ -                           | \$ 4,270,572                   |
| Intergovernmental                                    | 4,491,686           | 609,056                         | 41,579                    | 1,307,880                      | 6,450,201                      |
| Interest   | 88,997              | -                               | -                         | 480                            | 89,477                         |
| Tuition and Fees                                     | 51,478              | -                               | -                         | 148,760                        | 200,238                        |
| Extracurricular Activities                           | -                   | -                               | -                         | 43,605                         | 43,605                         |
| Food Services  | -                   | -                               | -                         | 116,012                        | 116,012                        |
| Classroom Materials and Fees                         | -                   | -                               | -                         | 82,053                         | 82,053                         |
| Miscellaneous  | 301,879             | -                               | -                         | 59,178                         | 361,057                        |
| <b>Total Revenues</b>                                | <b>8,892,212</b>    | <b>609,056</b>                  | <b>353,979</b>            | <b>1,757,968</b>               | <b>11,613,215</b>              |
| <b>Expenditures</b>                                  |                     |                                 |                           |                                |                                |
| Current:   |                     |                                 |                           |                                |                                |
| Instruction:   |                     |                                 |                           |                                |                                |
| Regular  | 592,142             | -                               | -                         | 16,143                         | 608,285                        |
| Special  | 163,806             | -                               | -                         | -                              | 163,806                        |
| Vocational   | 4,043,414           | -                               | -                         | 584,938                        | 4,628,352                      |
| Adult  | -                   | -                               | -                         | 195,823                        | 195,823                        |
| Other  | -                   | 116,163                         | -                         | -                              | 116,163                        |
| Support Services:                                    |                     |                                 |                           |                                |                                |
| Pupils   | 326,568             | 55,285                          | -                         | 343,908                        | 725,761                        |
| Instructional Staff                                  | 657,132             | -                               | -                         | 62,161                         | 719,293                        |
| Board of Education                                   | 78,847              | -                               | -                         | -                              | 78,847                         |
| Administration                                       | 533,304             | 453,048                         | -                         | 108,894                        | 1,095,246                      |
| Fiscal   | 317,021             | -                               | 5,992                     | -                              | 323,013                        |
| Business   | 85,340              | -                               | -                         | -                              | 85,340                         |
| Operation and Maintenance of Plant                   | 1,047,159           | -                               | -                         | 160                            | 1,047,319                      |
| Pupil Transportation                                 | 15,142              | -                               | -                         | -                              | 15,142                         |
| Central  | 14,497              | -                               | -                         | 40,197                         | 54,694                         |
| Operation of Non-Instructional Services              | 179                 | -                               | -                         | 213,125                        | 213,304                        |
| Extracurricular Activities                           | -                   | -                               | -                         | 46,726                         | 46,726                         |
| Capital Outlay                                       | -                   | -                               | 403,114                   | -                              | 403,114                        |
| Debt Service:  |                     |                                 |                           |                                |                                |
| Principal  | 6,915               | -                               | -                         | -                              | 6,915                          |
| Interest   | 1,437               | -                               | -                         | -                              | 1,437                          |
| <b>Total Expenditures</b>                            | <b>7,882,903</b>    | <b>624,496</b>                  | <b>409,106</b>            | <b>1,612,075</b>               | <b>10,528,580</b>              |
| <b>Excess of Revenue Over/(Under) Expenditures</b>   | <b>1,009,309</b>    | <b>(15,440)</b>                 | <b>(55,127)</b>           | <b>145,893</b>                 | <b>1,084,635</b>               |
| <b>Other Financing Sources (Uses)</b>                |                     |                                 |                           |                                |                                |
| Pass Thru Payments                                   | (85,675)            | -                               | -                         | (46,605)                       | (132,280)                      |
| Transfer In  | -                   | -                               | 118,000                   | 80,000                         | 198,000                        |
| Transfer Out   | (198,000)           | -                               | -                         | -                              | (198,000)                      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(283,675)</b>    | <b>-</b>                        | <b>118,000</b>            | <b>33,395</b>                  | <b>(132,280)</b>               |
| <b>Net Change in Fund Balances</b>                   | <b>725,634</b>      | <b>(15,440)</b>                 | <b>62,873</b>             | <b>179,288</b>                 | <b>952,355</b>                 |
| <b>Fund Balances Beginning of Year (Restated)</b>    | <b>4,310,966</b>    | <b>(35,946)</b>                 | <b>2,978,416</b>          | <b>572,406</b>                 | <b>7,825,842</b>               |
| <b>Increase (Decrease) in Reserved for Inventory</b> | <b>3</b>            | <b>-</b>                        | <b>-</b>                  | <b>6,960</b>                   | <b>6,963</b>                   |
| <b>Fund Balances End of Year</b>                     | <b>\$ 5,036,603</b> | <b>\$ (51,386)</b>              | <b>\$ 3,041,289</b>       | <b>\$ 758,654</b>              | <b>\$ 8,785,160</b>            |

The notes to the basic financial statements are an integral part of this statement.



**Ashtabula County Joint Vocational School District**  
*Reconciliation of the Statement of Revenues, Expenditures  
and Changes in the Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2004*

**Net Change in Fund Balances - Total Governmental Funds** \$ 952,355

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

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

|                                 |           |  |
|---------------------------------|-----------|--|
| Capital Assets Additions        | 361,615   |  |
| Current Year Depreciation       | (252,859) |  |
| Loss on Sales of Capital Assets | (25,034)  |  |
|                                 |           |  |

Total 83,722

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

|                   |        |  |
|-------------------|--------|--|
| Taxes             | 40,265 |  |
| Intergovernmental | 26,826 |  |
|                   |        |  |

Total 67,091

Repayment of leases principals are expenditures in the  
governmental funds, but the repayment reduces long-term  
liabilities in the statement of net assets.

6,915

Inventory is reported as an asset when purchased and defer the recognition  
of an expenditure until the period in which the inventory is consumed.  
However, the net effect of the transaction involving inventory is to increase  
(decrease) expenses in governmental activities.

6,963

Some expenses reported in the statement of activities, such as  
compensated absences and pension obligation payable which  
represents contractually required pension contributions, do not  
required the use of current financial resources and therefore are  
not reported as expenditures in the governmental funds.

|                              |          |  |
|------------------------------|----------|--|
| Pension Obligation Payable   | (7,970)  |  |
| Compensated Absences Payable | (30,953) |  |
|                              |          |  |

Total (38,923)

*Change in Net Assets of Governmental Activities* \$ 1,078,123

The notes to the basic financial statements are an integral part of this statement.

**Ashtablula County Joint Vocational School District**

Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund 001  
For the Fiscal Year Ended June 30, 2004

|  | Budgeted Amount     |                     |                     | Variance with<br>Final Budget<br>Over/<br>(Under) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               | Actual              |   |
| <i>Revenue:</i>  |                     |                     |                     |   |
| Taxes  | \$ 3,212,000        | \$ 3,845,463        | \$ 3,936,098        | \$ 90,635   |
| Intergovernmental  | 4,363,700           | 4,003,612           | 4,170,830           | 167,218   |
| Interest   |                     | 85,000              | 83,712              | (1,288)   |
| Tuition  | 40,000              | 50,000              | 50,974              | 974   |
| Extracurricular Activities   |                     |                     |                     | -   |
| Transportation Fees  |                     |                     |                     | -   |
| Classroom Materials and Fees   |                     |                     |                     | -   |
| Miscellaneous  | 340,000             | 164,000             | 162,670             | (1,330)   |
| <b>Total Revenues</b>  | <b>7,955,700</b>    | <b>8,148,075</b>    | <b>8,404,284</b>    | <b>256,209</b>                                    |
| <i>Expenditures:</i>   |                     |                     |                     |   |
| Instruction:   |                     |                     |                     |   |
| Regular  | 648,835             | 629,061             | 590,210             | 38,851  |
| Special  | 180,171             | 174,680             | 163,990             | 10,690  |
| Vocational   | 4,050,466           | 3,927,023           | 3,843,512           | 83,511  |
| Adult  |                     |                     |                     | -   |
| Other  |                     |                     |                     | -   |
| Support Services:  |                     |                     |                     |   |
| Pupils   | 320,001             | 330,342             | 329,438             | 904   |
| Instructional Support  | 689,363             | 711,640             | 657,121             | 54,519  |
| Board of Education   | 85,207              | 87,960              | 74,532              | 13,428  |
| Administration   | 561,518             | 579,663             | 554,278             | 25,385  |
| Fiscal   | 323,988             | 334,458             | 313,014             | 21,444  |
| Business   | 63,960              | 66,028              | 48,347              | 17,681  |
| Operation and Maintenance of Plant   | 1,040,083           | 1,073,693           | 1,033,185           | 40,508  |
| Pupil Transportation   | 48,401              | 49,965              | 15,270              | 34,695  |
| Central  | 15,020              | 15,505              | 14,497              | 1,008   |
| Operation of Non-Instructional Services  | 111                 | 115                 | 48                  | 67  |
| Extracurricular Activities   |                     |                     |                     | -   |
| Capital Outlay   |                     |                     |                     | -   |
| Debt Service:  |                     |                     |                     |   |
| Principal payments   | 6,915               | 6,915               | 6,915               | -   |
| Interest and fiscal charges  | 1,437               | 1,437               | 1,437               | -   |
| <b>Total Expenditures</b>  | <b>8,035,476</b>    | <b>7,988,485</b>    | <b>7,645,794</b>    | <b>342,691</b>                                    |
| Excess of Revenues Over/<br>(Under) Expenditures   | (79,776)            | 159,590             | 758,490             | 598,900   |
| <i>Other Financing Sources/(Uses):</i>   |                     |                     |                     |   |
| Proceeds from Sale of Fixed Assets   |                     |                     |                     | -   |
| Refund of Prior Year Expenditures  |                     | 52,625              | 52,560              | (65)  |
| Refund of Prior Year Receipts  |                     | (1,995)             | (1,881)             | 114   |
| Miscellaneous Revenues   |                     |                     |                     | -   |
| Pass Thru Payments   |                     |                     |                     | -   |
| Advance In   |                     | 247,000             | 169,358             | (77,642)  |
| Advance Out  | (454,000)           | (463,000)           | (302,191)           | 160,809   |
| Operating Transfer In  |                     |                     |                     | -   |
| Operating Transfer Out   | -                   | (198,000)           | (198,000)           | -   |
| <b>Total Other Financing Sources/(Uses)</b>  | <b>(454,000)</b>    | <b>(363,370)</b>    | <b>(280,154)</b>    | <b>83,216</b>                                     |
| Excess of Revenues, Other Financing<br>Sources Over/(Under) Expenditures<br>and Other Financing Uses | (533,776)           | (203,780)           | 478,336             | 682,116   |
| Fund Balance/(Deficit) at the<br>Beginning of Year, Restated (See Note XX)                           | 3,037,486           | 3,037,486           | 3,037,486           | -   |
| Prior year encumbrances appropriated   | 352,105             | 352,105             | 352,105             | -   |
| <b>Fund Balance/(Deficit) at the End of Year</b>   | <b>\$ 2,855,815</b> | <b>\$ 3,185,811</b> | <b>\$ 3,867,927</b> | <b>\$ 682,116</b>                                 |

See accompanying notes to the basic financial statements

**Ashtablula County Joint Vocational School District**

Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund 022

For the Fiscal Year Ended June 30, 2004

|  | <u>Budgeted Amount</u> |              | <u>Actual</u> | Variance with<br>Final Budget<br>Over/<br>(Under) |
|--|------------------------|--------------|---------------|---|
|  | <u>Original</u>        | <u>Final</u> |               |   |
| <u>Revenue:</u>  |                        |              |               |   |
| Taxes  |                        |              |               | \$ -  |
| Intergovernmental  | 351,000                | 351,000      | 320,856       | (30,144)  |
| Interest   |                        |              |               | -   |
| Tuition  |                        |              |               | -   |
| Extracurricular Activities   |                        |              |               | -   |
| Transportation Fees  |                        |              |               | -   |
| Classroom Materials and Fees   |                        |              |               | -   |
| Miscellaneous  |                        |              |               | -   |
|  | <hr/>                  | <hr/>        | <hr/>         | <hr/>   |
| Total Revenues   | 351,000                | 351,000      | 320,856       | (30,144)  |
| <u>Expenditures:</u>   |                        |              |               |   |
| Instruction:   |                        |              |               |   |
| Regular  |                        |              |               | -   |
| Special  |                        |              |               | -   |
| Vocational   | 257,000                | 257,000      | 239,016       | 17,984  |
| Adult  |                        |              |               | -   |
| Other  |                        |              |               | -   |
| Support Services:  |                        |              |               |   |
| Pupils   |                        |              |               | -   |
| Instructional Support  |                        |              |               | -   |
| Board of Education   |                        |              |               | -   |
| Administration   |                        |              |               | -   |
| Fiscal   | 1,000                  | 1,000        | 740           | 260   |
| Business   |                        |              |               | -   |
| Operation and Maintenance of Plant   |                        |              |               | -   |
| Pupil Transportation   |                        |              |               | -   |
| Central  |                        |              |               | -   |
| Operation of Non-Instructional Services  |                        |              |               |   |
| Extracurricular Activities   |                        |              |               | -   |
| Capital Outlay   |                        |              |               | -   |
| Debt Service:  |                        |              |               |   |
| Principal payments   |                        |              |               | -   |
| Interest and fiscal charges  |                        |              |               | -   |
|  | <hr/>                  | <hr/>        | <hr/>         | <hr/>   |
| Total Expenditures   | 258,000                | 258,000      | 239,756       | 18,244  |
| Excess of Revenues Over/<br>(Under) Expenditures   | 93,000                 | 93,000       | 81,100        | (11,900)  |
| <u>Other Financing Sources/(Uses):</u>   |                        |              |               |   |
| Proceeds from Sale of Fixed Assets   |                        |              |               | -   |
| Refund of Prior Year Expenditures  |                        |              |               | -   |
| Refund of Prior Year Receipts  |                        |              |               | -   |
| Miscellaneous Revenue  |                        |              |               | -   |
| Pass Thru Payments   | (93,000)               | (93,000)     | (81,100)      | 11,900  |
| Advance In   |                        |              |               | -   |
| Advance Out  |                        |              |               | -   |
| Operating Transfer In  |                        |              |               | -   |
| Operating Transfer Out   |                        |              |               | -   |
|  | <hr/>                  | <hr/>        | <hr/>         | <hr/>   |
| Total Other Financing Sources/(Uses)   | (93,000)               | (93,000)     | (81,100)      | 11,900  |
| Excess of Revenues, Other Financing<br>Sources Over/(Under) Expenditures<br>and Other Financing Uses | -                      | -            | -             | -   |
| Fund Balance/(Deficit) at the<br>Beginning of Year, Restated (See Note XX)                           | 20                     | 20           | 20            | -   |
| Prior year encumbrances appropriated   |                        | -            | -             | -   |
|  | <hr/>                  | <hr/>        | <hr/>         | <hr/>   |
| Fund Balance/(Deficit) at the End of Year  | \$ 20                  | \$ 20        | \$ 20         | \$ -  |

See accompanying notes to the basic financial statements

**Ashtabula County Joint Vocational School District**

Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2004

|  | Budgeted Amount     |                     |                     | Variance with<br>Final Budget<br>Over/<br>(Under) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               | Actual              |   |
| <i>Revenue:</i>  |                     |                     |                     |   |
| Taxes  | \$ 3,212,000        | \$ 3,845,463        | \$ 3,936,098        | \$ 90,635   |
| Intergovernmental  | 4,714,700           | 4,354,612           | 4,491,686           | 137,074   |
| Interest   | -                   | 85,000              | 83,712              | (1,288)   |
| Tuition  | 40,000              | 50,000              | 50,974              | 974   |
| Miscellaneous  | 340,000             | 164,000             | 162,670             | (1,330)   |
|  |                     |                     |                     |   |
| Total Revenues   | 8,306,700           | 8,499,075           | 8,725,140           | 226,065   |
| <i>Expenditures:</i>   |                     |                     |                     |   |
| Instruction:   |                     |                     |                     |   |
| Regular  | 648,835             | 629,061             | 590,210             | 38,851  |
| Special  | 180,171             | 174,680             | 163,990             | 10,690  |
| Vocational   | 4,307,466           | 4,184,023           | 4,082,528           | 101,495   |
| Support Services:  |                     |                     |                     |   |
| Pupils   | 320,001             | 330,342             | 329,438             | 904   |
| Instructional Support  | 689,363             | 711,640             | 657,121             | 54,519  |
| Board of Education   | 85,207              | 87,960              | 74,532              | 13,428  |
| Administration   | 561,518             | 579,663             | 554,278             | 25,385  |
| Fiscal   | 324,988             | 335,458             | 313,754             | 21,704  |
| Business   | 63,960              | 66,028              | 48,347              | 17,681  |
| Operation and Maintenance of Plant   | 1,040,083           | 1,073,693           | 1,033,185           | 40,508  |
| Pupil Transportation   | 48,401              | 49,965              | 15,270              | 34,695  |
| Central  | 15,020              | 15,505              | 14,497              | 1,008   |
| Operation of Non-Instructional Services                                    | 111                 | 115                 | 48                  | 67  |
| Debt Service:  |                     |                     |                     |   |
| Principal payments   | 6,915               | 6,915               | 6,915               | -   |
| Interest and fiscal charges  | 1,437               | 1,437               | 1,437               | -   |
|  |                     |                     |                     |   |
| Total Expenditures   | 8,293,476           | 8,246,485           | 7,885,550           | 360,935   |
| Excess of Revenues Over/<br>(Under) Expenditures                           | 13,224              | 252,590             | 839,590             | 587,000   |
| <i>Other Financing Sources/(Uses):</i>                                     |                     |                     |                     |   |
| Refund of Prior Year Expenditures  | -                   | 52,625              | 52,560              | (65)  |
| Refund of Prior Year Receipts  | -                   | (1,995)             | (1,881)             | 114   |
| Pass Thru Payments   | (93,000)            | (93,000)            | (81,100)            | 11,900  |
| Advance In   | -                   | 247,000             | 169,358             | (77,642)  |
| Advance Out  | (454,000)           | (463,000)           | (302,191)           | 160,809   |
| Transfer Out   | -                   | (198,000)           | (198,000)           | -   |
|  |                     |                     |                     |   |
| Total Other Financing Sources/(Uses)                                       | (547,000)           | (456,370)           | (361,254)           | 95,116  |
| Net Change in Fund Balance   | (533,776)           | (203,780)           | 478,336             | 682,116   |
| Fund Balance/(Deficit) at the<br>Beginning of Year, Restated (See Note 19) | 3,037,506           | 3,037,506           | 3,037,506           | -   |
| Prior year encumbrances appropriated                                       | 352,105             | 352,105             | 352,105             | -   |
| Fund Balance/(Deficit) at the End of Year                                  | <u>\$ 2,855,835</u> | <u>\$ 3,185,831</u> | <u>\$ 3,867,947</u> | <u>\$ 682,116</u>                                 |

See accompanying notes to the basic financial statements

**Ashtabula County Joint Vocational School District**

Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Youth Opportunities Grant Fund  
For the Fiscal Year Ended June 30, 2004

|  | Budgeted Amount  |                   | Actual          | Variance with<br>Final Budget<br>Over/<br>(Under) |
|--|------------------|-------------------|-----------------|---|
|  | Original         | Final             |                 |   |
| <u>Revenue:</u>  |                  |                   |                 |   |
| Intergovernmental  | \$ 845,000       | \$ 1,021,983      | \$ 447,859      | \$ (574,124)                                      |
| Total Revenues   | 845,000          | 1,021,983         | 447,859         | (574,124)   |
| <u>Expenditures:</u>   |                  |                   |                 |   |
| Instruction:   |                  |                   |                 |   |
| Other  | 164,215          | 171,815           | 130,540         | 41,275  |
| Support Services:  |                  |                   |                 |   |
| Pupils   | 568              | 77,996            | 58,312          | 19,684  |
| Administration   | 817,081          | 742,053           | 599,413         | 142,640   |
| Total Expenditures   | 981,864          | 991,864           | 788,265         | 203,599   |
| Excess of Revenues Over/<br>(Under) Expenditures   | (136,864)        | 30,119            | (340,406)       | (370,525)   |
| <u>Other Financing Sources/(Uses):</u>   |                  |                   |                 |   |
| Advance In   | -                | -                 | 187,500         | 187,500   |
| Total Other Financing Sources/(Uses)   | -                | -                 | 187,500         | 187,500   |
| Excess of Revenues, Other Financing<br>Sources Over/(Under) Expenditures<br>and Other Financing Uses | (136,864)        | 30,119            | (152,906)       | (183,025)   |
| Fund Balance/(Deficit) at the<br>Beginning of Year   | 6,114            | 6,114             | 6,114           | -   |
| Prior year encumbrances appropriated   | 149,536          | 149,536           | 149,536         | -   |
| Fund Balance/(Deficit) at the End of Year  | <u>\$ 18,786</u> | <u>\$ 185,769</u> | <u>\$ 2,744</u> | <u>\$ (183,025)</u>                               |

The note to the basic financial statements are an intergal part of this statement.

**Ashtabula County Joint Vocational School District**

*Statement of Fund Assets*

*Proprietary Fund*

*June 30, 2004*

|   | <u>Business-Type Activities</u> |                       |
|---|---------------------------------|-----------------------|
|   | <u>- Enterprise Fund</u>        |                       |
|   | <u>Adult Education</u>          |                       |
| <b>Assets</b>                                   |                                 |                       |
| Equity in Pooled Cash and Cash Equivalents      | \$                              | 251,667               |
| Receivables:                                    |                                 |                       |
| Accounts  |                                 | <u>425,509</u>        |
| <i>Total Current Assets</i>                     |                                 | 677,176               |
| Capital Assets, Net of Accumulated Depreciation |                                 | <u>15,118</u>         |
| <i>Total Assets</i>                             |                                 | <u><u>692,294</u></u> |
| <b>Liabilities</b>                              |                                 |                       |
| Accounts Payable                                |                                 | 4,087                 |
| Accrued Wages                                   |                                 | 54,726                |
| Compensated Absences Payable                    |                                 | 3,032                 |
| Intergovernmental Payable                       |                                 | 4,220                 |
| Pension Obligation Payable                      |                                 | <u>7,268</u>          |
| <i>Total Current Liabilities</i>                |                                 | 73,333                |
| Long-Term Liabilities:                          |                                 |                       |
| Compensated Absences Payable                    |                                 | <u>14,389</u>         |
| <i>Total Liabilities</i>                        |                                 | 87,722                |
| <b>Net Assets</b>                               |                                 |                       |
| Invested in Capital Assets                      |                                 | 15,118                |
| Unrestricted                                    |                                 | <u>589,454</u>        |
| <i>Total Net Assets (Deficit)</i>               | \$                              | <u><u>604,572</u></u> |

*The note to the basic financial statements are an integral part of this statement.*

**Ashtabula County Joint Vocational School District**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Year Ended June 30, 2004*

|   | Business-Type Activities<br>- Enterprise Fund |
|---|---|
|   | Adult Education                               |
| Operating Revenues:   |   |
| Tuition   | \$ 605,660                                    |
| Other Operating Revenues  | 224,432                                       |
| <i>Total Operating Revenues</i>   | 830,092                                       |
| Operating Expenses:   |   |
| Salaries  | 737,189                                       |
| Fringe Benefits   | 243,510                                       |
| Purchased Services  | 51,132  |
| Materials and Supplies  | 114,444                                       |
| Depreciation  | 2,204   |
| Other   | 104,146                                       |
| <i>Total Operating Expenses</i>   | 1,252,625                                     |
| <i>Operating Income (Loss)</i>  | (422,533)                                     |
| Non-Operating Revenues (Expenses):  |   |
| Intergovernmental   | 512,123                                       |
| <i>Total Non-Operating Revenues</i>                                       | 512,123                                       |
| <i>Change in Net Assets</i>   | 89,590  |
| <i>Net Assets (Deficit) Beginning of Year,<br/>Restated (See Note 18)</i> | 514,982                                       |
| <i>Net Assets (Deficit) End of Year</i>                                   | \$ 604,572                                    |

*The note to the basic financial statements are an integral part of this statement.*

**Ashtabula County Joint Vocational School District**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Year Ended June 30, 2004*

|  | <u>Business-Type Activities -<br/>- Enterprise Fund</u> |                         |
|--|---|-------------------------|
|  |   | <u>Adult Education</u>  |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>  |   |                         |
| <b>Cash Flows from Operating Activities</b>  |   |                         |
| Cash Received from Customers   | \$  | 445,553                 |
| Other Cash Receipts  |   | 224,341                 |
| Cash Payments to Employees for Services  |   | (723,041)               |
| Cash Payments for Employees Benefits   |   | (232,812)               |
| Cash Payments for Goods and Services   |   | (164,317)               |
| Other Cash Payments  |   | <u>(102,776)</u>        |
| <i>Net Cash Provided by (Used in) Operating Activities</i>   |   | <u>(553,052)</u>        |
| <b>Cash Flows from Noncapital Financing Activities</b>   |   |                         |
| Grants Received  |   | <u>480,657</u>          |
| <i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>                              |   | <u>480,657</u>          |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>  |   | (72,395)                |
| <i>Cash and Cash Equivalents Beginning of Year</i>   |   | <u>324,062</u>          |
| <i>Cash and Cash Equivalents End of Year</i>   | \$  | <u><u>251,667</u></u>   |
| <b>Reconciliation of Operating Loss to Net Cash<br/>Provided by (Used in) Operating Activities</b> |   |                         |
| <i>Operating Income (Loss)</i>   | \$  | (422,533)               |
| Adjustments:   |   |                         |
| Depreciation   |   | 2,204                   |
| (Increase) Decrease in Assets:   |   |                         |
| Accounts Receivable  |   | (160,198)               |
| Increase (Decrease) in Liabilities:  |   |                         |
| Accounts Payable   |   | 2,429                   |
| Accrued Wages  |   | 20,279                  |
| Compensated Absences Payable   |   | 2,063                   |
| Pension Obligation Payable   |   | 7,268                   |
| Intergovernmental Payable  |   | (4,564)                 |
| <i>Total Adjustments</i>   |   | <u>(130,519)</u>        |
| <i>Net Cash Provided by (Used in) Operating Activities</i>   | \$  | <u><u>(553,052)</u></u> |

*The note to the basic financial statements are an integral part of this statement.*



***Ashtabula County Joint Vocational School District***

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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**Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Ashtabula County Joint Vocational School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described below.

***A. Reporting Entity***

The District was organized in 1965 under section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Membership is comprised of Board Members from the following districts: Ashtabula Area City (2 representatives), Ashtabula County Educational Service Center (3 representatives), Conneaut Area City (1 representative), and Geneva Area City (1 representative).

The District has been supported by a 3.31 mill continuing operating levy, a .5 mill 3-year operating levy, and a .3 permanent improvement levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education is financially accountable.

***B. Fund Accounting***

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

***Governmental Fund Types*** Governmental funds focus 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 repaid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District major governmental funds:

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

*Youth Opportunities Grant Fund* This fund is used to account for revenue and expenditures of the Youth Opportunities Grant received from the Ashtabula County Commissioners through the Dept. of Jobs & Family Services. This grant serves underprivileged youth in Ashtabula County between the ages of 14 & 21 who are both in school and out of school. The revenue received consists of federal funds paid through the Ashtabula County Auditor.

*Permanent Improvement Fund* This fund is used to account for all transactions related to acquiring, constructing, or improving of permanent improvements of the District.

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

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

*Enterprise Fund* Enterprise fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District's enterprise fund is:

*Adult Education Fund* This fund accounts for the financial transactions related to the adult education program of the District, which is a self-supporting fund to provide post-secondary educational opportunities for adults in Ashtabula County. It supports full and part-time classes in career technical education. It has North Central accreditation, so the school can provide Title IV Subsidized and Unsubsidized Guaranteed Student Loans and Pell Grants. The fund receives state reimbursement based on numbers of students served, tuition payments from students, and federal GSL payments for individual students.

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

**C. Basis of Presentation**

**Government-wide Financial Statements** The statement of net assets and statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are considered business type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relation between the government-wide statements and the statements to governmental funds.

***Ashtabula County Joint Vocational School District***

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues which identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

***Fund Financial Statements*** Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

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

Agency fund do not report a measurement focus as they do not report operations.

***D. Basic 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary fund also use the accrual basis of accounting.

*Ashtabula County Joint Vocational School District*

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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***E. Budget and Budgetary Accounting***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget* Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Ashtabula County Budget Commission for rate determination.

*Estimated Resources* Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2003.

*Appropriations* Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and the 1<sup>st</sup> digit of the object level of expenditures, which is the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

***Ashtabula County Joint Vocational School District***

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For the Year Ended June 30, 2004

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During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the first and final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

*Encumbrances* As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

***F. Cash and Cash Equivalents***

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During the fiscal year all investments were limited to savings accounts, certificates of deposit and repurchase agreements.

Under existing Ohio statutes all interest earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund.

All interest earnings accrued to the General Fund and Expendable Trust Fund, per board resolution. Interest revenue credited to the General Fund during the fiscal year amounted to \$88,997. Interest income earned for all funds in fiscal year 2004 totaled \$89,477.

***G. Taxes Receivable***

The financial statements reflect taxes receivable as of June 30, 2004. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2004 and accordingly have been recorded as deferred revenue in the fund financial statements. Taxes that become delinquent are recorded as revenue in the government-wide financial statement.

***Ashtabula County Joint Vocational School District***

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***H. Inventories***

Inventories of governmental funds are stated at cost, which approximates market, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Materials and supplies inventory in governmental funds consists of expendable supplies held for consumption. Inventory held for resale in the governmental fund consists donated food and purchased food. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed (consumption method). Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

***I. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recognized under the non-allocation method. The non-allocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the non-allocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

***J. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The District maintains a capitalization threshold of twelve hundred dollars. The District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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



**Ashtabula County Joint Vocational School District**

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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| Description                        | Governmental<br>Activities<br>Estimated Lives | Business-Type<br>Activities<br>Estimated Lives |
|------------------------------------|---|--|
| Land Improvements                  | 5 – 10 years                                  | N/A  |
| Building and Improvements          | 20 – 50 years                                 | N/A  |
| Furniture, Fixtures, and Equipment | 8 – 20 years                                  | 8 – 20 years                                   |
| Vehicles                           | 10 years                                      | 10 years                                       |
| Textbook                           | 15 years                                      | 15 years                                       |

***K. Compensated Absences***

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee, and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

For the governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws.

***Ashtabula County Joint Vocational School District***

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Notes to the Basic Financial Statements

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*Sick Leave* Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Certified staff accumulate sick leave to a maximum of 315 days; severance pay is based upon an incremental scale up to a maximum of 77 days. Classified staff who are members of the teamsters accumulate sick leave to a maximum of 210 days; severance is paid up to a maximum of 60 days. Classified secretaries who are members of the ACJVS Secretaries Association accumulate sick leave to a maximum of 255 days; severance is paid up to a maximum of 65 days. Non-union classified staff accumulate sick leave to a maximum of 275 days; severance is paid up to a maximum of 70 days.

*Vacation Pay* Classified employees earn ten (10) to twenty (20) days of vacation per year, depending upon length of service. Although each employee is encouraged to use vacation leave as earned, such leave may accumulate to a maximum of one year, upon written permission of the superintendent.

Vacation is granted based upon negotiated agreements and board policy. Classified staff receive 10 to 20 days, depending upon years of service. Teamsters and Secretaries receive an additional day of vacation for each year beyond 19 years of service. Administrative personnel earn 20 days vacation leave annually.

***L. Interfund Balance***

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as “interfund receivable/payable.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

***Ashtabula County Joint Vocational School District***

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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***N. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

***O. Fund Balance Reserves***

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, and future appropriation.

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

***P. 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

**Ashtabula County Joint Vocational School District**

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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***R. Estimates***

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

***S. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are tuition for adult education. Operating expenses are necessary cost occurred to provide the good or service that is the primary activity of the fund.

**Note 2 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by major governmental funds.

**Ashtabula County Joint Vocational School District**

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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| Net Change in Fund Balance              |            |                                 |
|---|------------|---------------------------------|
|   | General    | Youth<br>Opportunities<br>Grant |
| Budget Basis                            | \$ 478,336 | \$ (152,906)                    |
| Net Adjustment for Revenue Accruals     | (54,846)   | (26,303)                        |
| Net Adjustment for Expenditure Accruals | 552,775    | 305,705                         |
| Adjustment for Encumbrances             | (250,631)  | (141,936)                       |
| GAAP Basis                              | \$ 725,634 | \$ (15,440)                     |

**Note 3 – Cash and Investments**

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 pass book accounts.

Protection of the 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 public monies deposited with the institution.

Monies held by the District which are not considered active are classified as interim. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the District;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value; and

9. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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*Deposits* At fiscal year end, the carrying amount of the District's deposits was \$7,502,944 and the bank balance was \$7,784,118 of which \$5,690,258 was in a passbook savings account and \$1,860,000 was in a certificate deposit. Of the bank balance: \$300,000 was covered by Federal Depository Insurance. The remainder of the bank balance, \$7,484,118, was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

*Cash on Hand* At fiscal year end, the District had \$454 in undeposited cash on hand which is included on the balance sheet of the District as part of the "equity in pooled cash and cash equivalents."

*Investments* GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 includes investments that are insured or registered or are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the District's name.

|   | Category 3 | Carrying<br>Value | Fair Value |
|---|------------|-------------------|------------|
| Categorized Investments:<br>Repurchase Agreements | \$192,279  | \$192,279         | \$192,279  |
| Total Investments                                 | \$192,279  | \$192,279         | \$192,279  |

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

A reconciliation between the classification of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

|  | Cash and<br>Cash Equivalents | Investments |
|--|------------------------------|-------------|
| GASB Statement 9   | \$7,695,677                  | \$0         |
| Cash on Hand   | (454)                        |             |
| Investments which are part of the Cash<br>Management Pool: |                              |             |
| Repurchase Agreements                                      | (192,279)                    | 192,279     |
| GASB Statement 3   | \$7,502,944                  | \$192,279   |

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Notes to the Basic Financial Statements

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**Note 4 – Property Taxes**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year.

Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value.

Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Ashtabula County. Tax settlements are made each February and August for real property taxes and each June and October for personal property taxes.

The full tax rate for the fiscal year ended June 30, 2004, was \$4.11 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2004 taxes were collected were as follows:

|  | <u>2003</u>            | <u>2004</u>            |
|--|------------------------|------------------------|
| Real Property-Commercial/Industrial    | \$262,876,730          | \$265,546,960          |
| Real Property-Residential/Agricultural | 1,114,259,610          | 1,200,161,970          |
| Real Property-Public Utilities         | 4,098,400              | 4,371,510              |
| Personal Property-General              | 210,233,910            | 209,254,770            |
| Personal Property-Public Utilities     | <u>117,809,380</u>     | <u>111,498,690</u>     |
| Total Assessed Value                   | <u>\$1,709,278,030</u> | <u>\$1,790,833,900</u> |



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Uncollectible taxes outstanding, available to the District within 60 days after fiscal year end are recorded as receivables at June 30. The receivable is offset by a credit to deferred revenue since the receivables represent taxes recorded in advance of year for which they are intended to finance.

**Note 5 – Receivables**

Receivables at June 30, 2004, consisted of taxes, accounts (student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

|                                |                  |
|--------------------------------|------------------|
| Other Governmental Funds:      |                  |
| VEPD                           | \$153,288        |
| Title V                        | 3,349            |
| Title II-A                     | 4,082            |
| Miscellaneous Federal Grants   | <u>19,395</u>    |
| Total Other Governmental Funds | <u>\$180,114</u> |

**Note 6 – Interfund Transactions**

**A. Interfund Receivable/Payable**

The interfund receivable/payable consisted of the following fund at June 30, 2004, as reported on the fund financial statements:

|                               | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|-------------------------------|---------------------------------|------------------------------|
| Major Governmental Fund:      |                                 |                              |
| General                       | \$478,995                       | \$0                          |
| Youth Opportunity Grants      | 0                               | 372,500                      |
| Non-major Governmental Funds: |                                 |                              |
| VEPD                          | 0                               | 99,064                       |
| Title V                       | 0                               | 3,349                        |
| Title II-A                    | <u>0</u>                        | <u>4,082</u>                 |
| Total                         | <u>\$478,995</u>                | <u>\$478,995</u>             |

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 will be repaid once the anticipated revenues are received.

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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**B. Interfund Transfers**

Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

|                               | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------------------|--------------------|---------------------|
| Major Governmental Fund:      |                    |                     |
| General                       | \$0                | \$198,000           |
| Permanent Improvement         | 118,000            |                     |
| Non-major Governmental Funds: |                    |                     |
| Food Services                 | 80,000             | 0                   |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorization. Transfers are also used to close out grants in any funds, including special revenue funds, that are no longer required.

**Note 7 – Capital Leases**

The District is making installment payments on four copiers. These lease agreements meet the criteria of capital lease as defined by FASB Statement 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 have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$35,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$6,915.

Payment for the installment purchase obligations as of June 30, 2004, and related interest as follows:

|         | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|---------|------------------|-----------------|------------------|
| FY 2005 | \$ 7,489         | \$ 863          | \$ 8,352         |
| FY 2006 | <u>6,673</u>     | <u>251</u>      | <u>6,924</u>     |
| Total   | <u>\$ 14,162</u> | <u>\$ 1,114</u> | <u>\$ 15,276</u> |

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

|   | Balance<br>7/1/2003 | Addition          | Deletion           | Balance<br>6/30/2004 |
|---|---------------------|-------------------|--------------------|----------------------|
| <b>Governmental Activities</b>                      |                     |                   |                    |                      |
| <i>Capital Assets, not being depreciated:</i>       |                     |                   |                    |                      |
| Land  | \$ 153,226          | \$ -              | \$ -               | \$ 153,226           |
| <i>Total Capital Assets, not being depreciated:</i> | <u>153,226</u>      | <u>-</u>          | <u>-</u>           | <u>153,226</u>       |
| <i>Capital Assets, being depreciated:</i>           |                     |                   |                    |                      |
| Improvements  | 164,205             | -                 | -                  | 164,205              |
| Buildings and Improvements                          | 4,751,900           | 58,541            | -                  | 4,810,441            |
| Furniture, Equipment and Fixtures                   | 2,590,077           | 247,377           | (65,458)           | 2,771,996            |
| Vehicles  | 230,640             | 25,151            | (32,460)           | 223,331              |
| Textbooks   | -                   | 30,546            | -                  | 30,546               |
| <i>Total Capital Assets, being depreciated:</i>     | <u>7,736,822</u>    | <u>361,615</u>    | <u>(97,918)</u>    | <u>8,000,519</u>     |
| Less Accumulated Depreciation:                      |                     |                   |                    |                      |
| Improvements  | (132,183)           | (32,022)          | -                  | (164,205)            |
| Building and Improvements                           | (2,746,670)         | (64,357)          | -                  | (2,811,027)          |
| Furniture, Equipment, and Fixtures                  | (1,343,338)         | (137,921)         | 58,467             | (1,422,792)          |
| Vehicles  | (88,936)            | (16,913)          | 14,417             | (91,432)             |
| Textbooks   | -                   | (1,645)           | -                  | (1,645)              |
| <i>Total Accumulated Depreciation</i>               | <u>(4,311,127)</u>  | <u>(252,858)</u>  | <u>72,884</u>      | <u>(4,491,101)</u>   |
| <i>Total Capital Assets being depreciated, net</i>  | <u>3,425,695</u>    | <u>108,757</u>    | <u>(25,034)</u>    | <u>3,509,418</u>     |
| Governmental Activities Capital Assets, Net         | <u>\$ 3,578,921</u> | <u>\$ 108,757</u> | <u>\$ (25,034)</u> | <u>\$ 3,662,644</u>  |
| <b>Business-Type Activities</b>                     |                     |                   |                    |                      |
| Furniture, Equipment and Fixtures                   | \$ 28,056           | \$ -              | \$ -               | \$ 28,056            |
| Textbooks   | 5,170               | -                 | -                  | 5,170                |
| <i>Total Capital Assets, being depreciated:</i>     | <u>33,226</u>       | <u>-</u>          | <u>-</u>           | <u>33,226</u>        |
| Less Accumulated Depreciation                       | <u>(15,904)</u>     | <u>(2,204)</u>    |                    | <u>(18,108)</u>      |
| Business-Type Activities Capital Assets, Net        | <u>\$ 17,322</u>    | <u>\$ (2,204)</u> | <u>\$ -</u>        | <u>\$ 15,118</u>     |

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

In fiscal year 2004, the District changed the capital threshold from five hundred dollars to twelve hundred dollars. In addition, understatement of prior year capital assets, reclassification of funds, and implementation of GASB No. 34 also changed the beginning balance of governmental activities net capital assets. The changes above reduced \$4,964,285 of the beginning governmental activities net capital assets, and \$8,036 of the beginning business-type activities net capital assets.

Depreciation expense was charged to governmental functions as follows:

|   |    |                |
|---|----|----------------|
| Instruction:                            |    |                |
| Regular                                 | \$ | 7,151          |
| Special                                 |    | 3,652          |
| Vocational                              |    | 178,023        |
| Adult                                   |    | 1,368          |
| Support Services:                       |    |                |
| Pupil                                   |    | 1,630          |
| Instructional Staff                     |    | 6,188          |
| Administration                          |    | 14,242         |
| Business                                |    | 806            |
| Operation and Maintenance of Plant      |    | 10,393         |
| Pupil Transportation                    |    | 17,481         |
| Central                                 |    | 5,332          |
| Operation of Non-instructional Services |    | 4,897          |
| Extracurricular Activities              |    | 1,696          |
|   |    | <hr/>          |
| Total Depreciation Expense              | \$ | <u>252,859</u> |

**Note 9 – Notes and Long-Term Debt**

The changes in the School District's long-term obligations during the year consist of the following:

|                                | Principal<br>Outstanding<br>6/30/2003 | Additions  | Reductions   | Principal<br>Outstanding<br>6/30/2004 | Amounts<br>Due in<br>One Year |
|--------------------------------|---------------------------------------|------------|--------------|---------------------------------------|-------------------------------|
|                                | <hr/>                                 | <hr/>      | <hr/>        | <hr/>                                 | <hr/>                         |
| <b>Governmental Activities</b> |                                       |            |              |                                       |                               |
| Compensated Absences Payable   | \$ 679,240                            | \$ 628,866 | \$ (679,240) | \$ 628,866                            | \$ 95,489                     |
|                                | <hr/>                                 | <hr/>      | <hr/>        | <hr/>                                 | <hr/>                         |

*Ashtabula County Joint Vocational School District*

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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**Note 10 – Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 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, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$184,350, \$147,369, and \$134,075, respectively; of which 100 percent for fiscal years 2003 and 2002 has been paid. \$25,184 representing the unpaid contribution for fiscal year 2004, including the surcharge, is recorded as a liability within the respective funds.

***B. State Teachers Retirement System***

The District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 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 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

*Ashtabula County Joint Vocational School District*

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004, plan members are required to contribute 10 percent of their annual covered salaries. The District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$650,788, \$621,497, and \$571,878, respectively; 90 percent has been contributed for fiscal year 2004, and 100 percent for fiscal years 2003 and 2002. \$83,856 represents the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2004 were \$2,454 made by the District and \$3,887 made by the plan members.

**Note 11 – Postemployment Benefits**

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

Both systems are funded on a pay-as-you-go basis. All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll.

For the fiscal year ended June 30, 2004, the STRS Board allocated employer contribution equal to 1 percent of covered payroll to the Health Care Reserved Fund. For the District, this amount equaled \$209,182 for fiscal year 2004.

***Ashtabula County Joint Vocational School District***

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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STRS pays health care benefits from the Health Care Reserved Fund. At June 30, 2004, the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, SERS employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefit equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$75,417 during the 2004 fiscal year.

**Note 12 – Contingencies**

***A. Grants***

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

***B. Litigation***

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2004.

**Note 13 – Risk Management**

***A. General Risk***

***Ashtabula County Joint Vocational School District***

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The district has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General Liability insurance is maintained in the amount of \$2,000,000 of each occurrence and \$5,000,000 in the aggregate. In addition, the District maintains a \$1,000,000 umbrella liability policy.

The District maintains replacement cost insurance on buildings and contents in the amount of \$21,373,824. The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

***B. Workers' Compensation***

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

**Note 14 – Jointly Governed Organizations**

*North East Ohio Management Information Network (NEOMIN)* NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county.



**Ashtabula County Joint Vocational School District**

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

*Ashtabula County Schools Council of Governments* The District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

**Note 15 – School Funding Issue**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Note 16 – Fund Deficits**

Fund balances at June 30, 2004, included the following individual fund deficits:

|                              |          |
|------------------------------|----------|
| Major Governmental Fund:     |          |
| Youth Opportunities Grant    | \$51,386 |
| Non-major Governmental Fund: |          |
| Title II-A                   | 15       |

These deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficits and will take the necessary steps to alleviate them. The general fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

**Note 17 – Statutory Reserves**

The District is required by State statute to set aside, annually, 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 the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, the District is no longer required to maintain a budget reserve and has taken action to eliminate this reserve.

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute. The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero; these extra amounts may be used to reduce the set-aside requirement in future years for the textbook reserve. Negative amounts, however, are not presented as being carried forward to the next fiscal year.

|   | Textbook<br>Reserve | Capital<br>Maintenance<br>Reserve | Total                 |
|---|---------------------|-----------------------------------|-----------------------|
| Set-Aside Cash Balance, 7/1/03              | \$ -                | \$ -                              | \$ -                  |
| Current Year Required Set-Aside             | 98,572              | 98,572                            | 197,144               |
| Current Year Offset Credits                 | (432,638)           | (350,816)                         | (783,454)             |
| Qualifying Disbursements                    | (471,428)           | -                                 | (471,428)             |
| <b>Total</b>                                | <b>\$ (805,494)</b> | <b>\$ (252,244)</b>               | <b>\$ (1,057,738)</b> |
| <br>Cash Balance Carried Forward to FY 2005 | <br>\$ -            | <br>\$ -                          | <br>\$ -              |

**Note 18 – Changes in Accounting Principals and Restatement of Fund Balance**

**Changes in Accounting Principles** For the fiscal year 2004, the District has implemented GASB No. 34, “Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments”, GASB No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB No. 38, “Certain Financial Statement Note Disclosures”, GASB No. 41, “Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB Statement No. 34”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.” At June 30, 2003, there was no effect on fund balances as a result of implementing GASB Statements No. 37, 38, 41, and GASB Interpretation No. 6.

**Restatement of Fund Balances** In fiscal year 2004, the Food Service Fund, Uniform School Supplies Fund, and Customer Service Rotary Fund which were previously reported under the Enterprise Funds, as well as Special Trust Fund which previously reported under the Fiduciary Fund, were reclassified to the Special Revenue Fund.

The restatements of fund balance for fund reclassification had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported.

**Ashtabula County Joint Vocational School District**

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

|                                | <u>General<br/>Fund</u> | <u>Youth<br/>Opportunities<br/>Grant<br/>Fund</u> | <u>Permanent<br/>Improvement<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------|-------------------------|---|---|---|---|
| Fund Balances at June 30, 2003 | \$ 4,308,756            | \$ (35,946)                                       | \$ 2,978,416                              | \$ 373,842                              | \$ 7,625,068                            |
| Fund Reclassification          | -                       | -   | -   | 224,733                                 | 224,733                                 |
| Restated Assets                | <u>2,210</u>            | <u>-</u>  | <u>-</u>                                  | <u>(26,169)</u>                         | <u>(23,959)</u>                         |
| Fund Balances at June 30, 2003 | <u>\$ 4,310,966</u>     | <u>\$ (35,946)</u>                                | <u>\$ 2,978,416</u>                       | <u>\$ 572,406</u>                       | <u>\$ 7,825,842</u>                     |

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the changes in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

The transition from governmental fund balance to net assets of the governmental activities is presented as follow:

|   | <u>Fund</u>  | <u>Fund</u> | <u>Fund</u>  | <u>Funds</u> | <u>Funds</u>         |
|---|--------------|-------------|--------------|--------------|----------------------|
| Fund Balances at July 1, 2003                       | \$ 4,310,966 | \$ (35,946) | \$ 2,978,416 | \$ 572,406   | \$ 7,825,842         |
| Adjustments:  |              |             |              |              |                      |
| GASB No. 34   |              |             |              |              |                      |
| Capital Assets                                      |              |             |              |              | 3,578,922            |
| Pension Obligation Payable                          |              |             |              |              | (8,606)              |
| Deferred Revenue                                    |              |             |              |              | 291,181              |
| Capital Lease Payable                               |              |             |              |              | (21,077)             |
| GASB Interpretation No. 6                           |              |             |              |              |                      |
| Compensated Absences Payable                        |              |             |              |              | <u>(679,240)</u>     |
| Governmental Activities Net Assets at June 30, 2003 |              |             |              |              | <u>\$ 10,987,022</u> |

*Ashtabula County Joint Vocational School District*

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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The transition from proprietary fund equity to net assets of the business-type activities is presented as follows:

|  | <u>Enterprise<br/>Fund</u> |
|--|----------------------------|
| Fund Equity at June 30, 2003                         | \$ 747,751                 |
| Fund Reclassification                                | (224,733)                  |
| Restated Capital Assets                              | <u>(8,036)</u>             |
| Business-type Activities Net Assets at June 30, 2003 | <u>\$ 514,982</u>          |

**Note 19 - Restatement of Fund Balance on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual**

At June 30, 2004, the general fund balances at June 30, 2003 were restated due to reclassifications of funds (See Note 18). The restatement was made for the current year and the changes were presented as follows.

|              | <u>Ending<br/>Fund Balance<br/>at June 30, 2003</u> | <u>Fund<br/>Reclassification</u> | <u>Beginning<br/>Fund Balance<br/>at July 1, 2003</u> |
|--------------|---|----------------------------------|---|
| General Fund | \$ 3,037,486  | 20                               | \$ 3,037,506  |

ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

| Federal Grantor/<br>Pass Through Grantor<br>Program Title     | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Receipts                  | Non-Cash<br>Receipts  | Disbursements             | Non-Cash<br>Disbursements |
|---|----------------------------------|---------------------------|---------------------------|-----------------------|---------------------------|---------------------------|
| <b><u>U.S. DEPARTMENT OF EDUCATION/</u></b>                   |                                  |                           |                           |                       |                           |                           |
| <i>Direct Programs:</i>                                       |                                  |                           |                           |                       |                           |                           |
| <i>Student Financial Assistance Cluster:</i>                  |                                  |                           |                           |                       |                           |                           |
| Federal Family Education Loan Program                         |                                  | 84.032                    | \$402,543                 |                       | \$402,543                 |                           |
| Pell Grants   |                                  | 84.063                    | 320,856                   |                       | 320,856                   |                           |
| Rural Education Grant   |                                  | 84.358                    | 77,877                    |                       | 77,877                    |                           |
| Sub-Total - Student Financial Assistance Cluster              |                                  |                           | <u>801,276</u>            |                       | <u>801,276</u>            |                           |
| Total - U.S. Department of Education                          |                                  |                           | <u>801,276</u>            |                       | <u>801,276</u>            |                           |
| <b><u>U.S. DEPARTMENT OF AGRICULTURE/</u></b>                 |                                  |                           |                           |                       |                           |                           |
| <i>Passed Through Ohio Department of Education:</i>           |                                  |                           |                           |                       |                           |                           |
| <i>Nutrition Cluster:</i>                                     |                                  |                           |                           |                       |                           |                           |
| Food Distribution Program                                     |                                  | 10.550                    |                           | \$6,387               |                           | \$6,387                   |
| National School Lunch Program                                 |                                  | 10.555                    |                           |                       |                           |                           |
|   | LL-P4-03                         |                           | 11,592                    |                       | 11,592                    |                           |
|   | LL-P4-04                         |                           | 30,881                    |                       | 30,881                    |                           |
| Sub-Total - National School Lunch Program                     |                                  |                           | <u>42,473</u>             |                       | <u>42,473</u>             |                           |
| Total U.S. Department of Agriculture - Nutrition Cluster      |                                  |                           | <u>42,473</u>             | <u>6,387</u>          | <u>42,473</u>             | <u>6,387</u>              |
| <b><u>U.S. DEPARTMENT OF EDUCATION/</u></b>                   |                                  |                           |                           |                       |                           |                           |
| <i>Passed Through Ohio Department of Education:</i>           |                                  |                           |                           |                       |                           |                           |
| Adult Education- State Grant Program                          |                                  | 84.002                    | (2,915)                   |                       | 868                       |                           |
|   | AB-SL-03 c                       |                           | 2,915                     |                       | 1,500                     |                           |
|   | AB-S1-04                         |                           | 127,519                   |                       | 127,519                   |                           |
|   | AB-SL-04                         |                           | 17,916                    |                       | 17,820                    |                           |
| SubTotal - Adult Education - State Grant Program              |                                  |                           | <u>145,435</u>            |                       | <u>147,707</u>            |                           |
| Vocational Education-Basic Grants to States                   |                                  | 84.048                    | 71,795                    |                       | 56,445                    |                           |
|   | CP-11-S03                        |                           | 310,738                   |                       | 367,427                   |                           |
| Sub-Total - Vocational Education-Basic Grants to States       |                                  |                           | <u>382,533</u>            |                       | <u>423,872</u>            |                           |
| Safe and Drug-Free Schools and Communities-State Grants       |                                  | 84.186                    | 1,355                     |                       |                           |                           |
| Safe and Drug-Free Schools and Communities-State Grants       | DR-S1-03                         |                           | 258                       |                       |                           |                           |
| Sub-Total - Safe and Drug-Free Schools and Communities Grants | DR-S1-04                         |                           | <u>1,613</u>              |                       |                           |                           |
| Innovative Educational Program Strategies                     |                                  | 84.298                    | 4,861                     |                       |                           |                           |
|   | C2-S1-03                         |                           | 735                       |                       | 750                       |                           |
| SubTotal - Innovative Educational Program                     | C2-S1-04                         |                           | <u>5,596</u>              |                       | <u>750</u>                |                           |
| Improving Teacher Quality State Grants                        |                                  | 84.367                    | 1,916                     |                       | 200                       |                           |
| Improving Teacher Quality State Grants                        | TR-S1-03                         |                           | 679                       |                       |                           |                           |
| SubTotal - Improving Teacher Quality Grants                   | TR-S1-04                         |                           | <u>2,595</u>              |                       | <u>200</u>                |                           |
| Total U. S. Department of Education                           |                                  |                           | <u>537,772</u>            |                       | <u>572,529</u>            |                           |
| <b>Totals</b>   |                                  |                           | <u><u>\$1,381,521</u></u> | <u><u>\$6,387</u></u> | <u><u>\$1,416,278</u></u> | <u><u>\$6,387</u></u>     |

The accompanying notes to this schedule are an integral part of this schedule.

**ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL  
ASHTABULA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B—CHILD NUTRITION CLUSTER**

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

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

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



## Auditor of State Betty Montgomery

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

Ashtabula County Joint Vocational School  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Ashtabula County Joint Vocational School District, (the District) as of June 30, 2004 and for the year ended, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 7, 2005. The District also adopted Governmental Accounting Standards Board Statement No. 34 and Implementation No. 6. 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 Ashtabula County Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the District's management dated June 7, 2005, we reported other matters involving internal control over financial reporting that we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ashtabula County Joint Vocational School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. In a separate letter to the District's management dated June 7, 2005, we reported one matter related to noncompliance we deemed immaterial.

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

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

**Betty Montgomery**  
Auditor of State

June 7, 2005





## Auditor of State Betty Montgomery

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

Ashtabula County Joint Vocational School District  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

#### Compliance

We have audited the compliance of Ashtabula County Joint Vocational School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. Ashtabula County Joint Vocational School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on Ashtabula County Joint Vocational 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 occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Ashtabula County Joint Vocational School District's compliance with those requirements and performing other procedures 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 Ashtabula County Joint Vocational School District's compliance with those requirements.

In our opinion, Ashtabula County Joint Vocational School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2004.

#### Internal Control Over Compliance

The Ashtabula County Joint Vocational School District's management 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 Ashtabula County Joint Vocational School District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

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

**Betty Montgomery**  
Auditor of State

June 7, 2005

**ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2004**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

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**ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**ASHTABULA 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  
AUGUST 4, 2005**