

**WAYNE COUNTY JOINT VOCATIONAL  
SCHOOL DISTRICT  
Wayne County, Ohio**

*Basic Financial Statements  
Fiscal Year Ended June 30, 2007*





Mary Taylor, CPA  
Auditor of State

Board of Education  
Wayne County Joint Vocational School District  
518 W. Prospect Street  
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Wayne County Joint Vocational School District, prepared by Rea & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 6, 2007

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**WAYNE COUNTY JOINT VOCATIONAL  
SCHOOL DISTRICT  
Wayne County, Ohio**

*For the Fiscal Year Ended June 30, 2007  
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**WAYNE COUNTY JOINT VOCATIONAL  
SCHOOL DISTRICT  
Wayne County, Ohio**

*For the Fiscal Year Ended June 30, 2007  
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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 16, 2007

The Board of Education  
Wayne County Joint Vocational School District  
Smithville, Ohio 44677

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Joint Vocational School District (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes in financial position where applicable thereof, and the respective budgetary comparison for the general fund and the adult education fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Rea & Associates, Inc.*

Medina, Ohio



## Wayne County Joint Vocational School District

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007*

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The discussion and analysis of the Wayne County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements, and the financial statements to enhance their understanding of the School District's financial performance.

#### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- q General Revenues accounted for \$11.3 million in revenue or 75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for approximately \$3.9 million or 25% of total revenues of \$15.2 million.
- q Total program expenses were \$14.0 million.
- q Net assets of governmental activities increased approximately \$1,154,000 from 2006.
- q Outstanding debt decreased from \$13,195 to \$4,397 through the payment of debt principal.
- q Net capital assets increased \$2,159,854 from 2006.

#### **Using this Annual Financial Report**

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

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

#### ***Reporting the School District as a Whole***

##### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

## Wayne County Joint Vocational School District

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007*

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

In the Statement of Net Assets and the Statement of Activities, the School District is classified into governmental activities. All of the School District's programs and services are reported here, including: instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

### ***Reporting the School District's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, permanent improvement fund and adult education fund.

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

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 13.

**Notes to the 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 begin on page 21.

**Wayne County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Current and Other Assets	\$ 11,052,237	\$ 13,945,346
Capital Assets	4,857,810	2,697,956
Total Assets	15,910,047	16,643,302
<b>Liabilities</b>		
Long-Term Liabilities	977,776	869,527
Other Liabilities	5,208,531	5,021,925
Total Liabilities	6,186,307	5,891,452
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	4,853,413	2,684,761
Restricted	2,006,659	2,171,190
Unrestricted	2,863,668	3,714,093
Total Net Assets	\$ 9,723,740	\$ 8,570,044

Assets decreased by approximately \$733,000 and liabilities increased approximately \$295,000 resulting in an increase in net assets of approximately \$1,154,000. A combination of increases and decreases contributed to this decrease. The most significant factors that caused this decrease in assets was the decrease in cash of approximately \$1.8, which was offset by the increase in capital assets of approximately \$2.2 million with the addition of the new technology center, renovations to the welding lab and small animal care facilities. There were no individually significant events that generated the increase in liabilities compared to fiscal year 2006.

**Wayne County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*

Table 2 shows the changes in net assets for fiscal year 2007 compared to 2006.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2007	2006
<i><b>Revenues</b></i>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,273,566	\$ 1,936,745
Operating Grants	1,596,520	1,766,979
<i>General Revenues:</i>		
Property Taxes	4,966,033	4,708,639
Grants and Entitlements	5,911,830	6,203,940
Gifts and Donations	83,988	36,775
Investment Earnings	338,681	301,720
Miscellaneous	31,951	237,065
<i>Total Revenues</i>	15,202,569	15,191,863
<i>Program Expenses</i>		
Instruction	8,540,671	8,427,583
Support Services	5,066,225	4,937,026
Operation of Non-Instructional Services	241,487	262,105
Extracurricular Activities	63	169
Food Service Operation	200,427	219,860
<i>Total Expenses</i>	14,048,873	13,846,743
Change in Net Assets	1,153,696	1,345,120
<i>Net Assets Beginning of Year</i>	8,570,044	7,224,924
<i>Net Assets End of Year</i>	\$ 9,723,740	\$ 8,570,044

Overall revenue increased by approximately \$10,000 or .07% over fiscal year 2006. Program expenses increased by approximately \$202,000. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), purchased services (utilities) and other expenses.

**Wayne County Joint Vocational School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2007*

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$15.2 million and expenditures of \$14.0 million.

**(Table 3)  
Governmental Activities**

	2007		2006	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 8,540,671	\$ 5,430,453	\$ 8,427,583	\$ 5,596,802
Support Services:				
Pupils and Instructional Staff	1,947,675	1,386,194	2,029,327	1,413,213
Board of Education, Administration				
Fiscal and Business	1,531,562	1,531,562	1,423,477	1,423,477
Operation and Maintenance of Plant	1,510,437	1,510,437	1,452,463	1,452,463
Pupil Transportation and Central	76,551	76,551	31,759	31,759
Operation of Non-Instructional Services	241,487	241,487	262,105	262,105
Food Service Operation	200,427	2,040	219,860	(36,969)
Extracurricular Activities	63	63	169	169
<b>Total</b>	<b>\$ 14,048,873</b>	<b>\$ 10,178,787</b>	<b>\$ 13,846,743</b>	<b>\$ 10,143,019</b>

Total cost of service for 2007 increased 1.5% over 2006. Instruction and student support services comprise 97% of governmental program expenses.

The reliance of local tax and other general revenues for governmental activities is crucial. Over 75% of expenses are directly supported by these resources. Of these revenues, 33% is from property taxes, 42% from grants and entitlements not restricted to specific programs with investment and other miscellaneous revenues supporting the remaining activity costs.

While community support of the School District is crucial to the operation of the School District, Grants and Entitlements provide a greater percentage of revenue for governmental activities. The greatest amount generated by Grants and Entitlements is income from the School Foundation Program. School Foundation income is determined by the number of students attending the School District.

## **Wayne County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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### **School District's Funds**

Information regarding the School District's major funds can be found in the Notes to the Basic Financial Statements, Summary of Significant Accounting Policies. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$15,032,788 and expenditures of \$16,090,347.

The net change in fund balance in the general fund was (\$967,938). The decrease was primarily due to a large transfer of approximately \$2.0 million from the general fund to the permanent improvement fund to help with construction costs for the new telecommunications building.

The net change in fund balance in the permanent improvement fund was (\$104,536). The increase in capital outlay is due to the construction of a new telecommunications building.

### **General Fund Budgeting Highlights**

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

During the course of fiscal year 2007, there were minor changes to the School District general fund budget. The School District bases its budgets according to needs of programs and functions. Supervisors of departments are responsible to oversee budgets and control spending. This provides for flexibility in spending between programs each school year.

For the general fund, actual revenue of \$11.5 million was over final budget estimates of \$11.1 million. Of this nearly \$400,000 increase, most was attributable to revenues generated through taxes received during the year. These revenues are conservatively budgeted.

Final appropriations of \$11.2 million were approximately \$501,000 greater than actual expenditures of the \$10.7 million. This net favorable variance was mainly the result of spending less than estimated in salaries and benefits. Employees retiring or resigning were replaced with employees earning less and, in some cases, positions were not filled. Also extended time granted to teaching employees was reduced in fiscal year 2007.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of fiscal year 2007, the School District had \$4.9 million invested in land, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2007 balances compared with 2006. See Note 8 for additional information on capital assets.

**Wayne County Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*

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

	Governmental Activities	
	2007	2006
Land	\$ 354,000	\$ 354,000
Construction in Progress	194,329	586,528
Land Improvements	44,336	49,101
Buildings and Improvements	3,031,561	854,476
Furniture and Equipment	1,181,739	792,340
Vehicles	51,845	61,511
Totals	\$ 4,857,810	\$ 2,697,956

The primary factor which caused the increase in capital assets was attributable to construction of a new telecommunications building. Construction of a new telecommunication building, containing four student labs, began during fiscal year 2007 and will be part of the overall Ohio School Facilities Project.

Ohio law requires school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2007, this amounted to \$121,420 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements and textbooks (including instructional materials). Therefore, there is no need to carry over any amounts into the next school year to meet the requirements of law.

**Debt**

At June 30, 2007, the School District had \$4,397 in debt outstanding with all due within one year.

**(Table 5)**  
**Outstanding Debt at June 30**

	Governmental Activities	
	2007	2006
Loans Payable:		
1991 Food Processing Building Loan	\$ 4,397	\$ 13,195

The Food Processing Building Loan was granted as a 15 year interest free loan from the State of Ohio to equip and construct a building to house a Food Processing Vocational Program. Due to low enrollment, the Food Processing Building was converted to a Culinary Arts Program Building in 2002. See Note 10 for additional information on outstanding long-term obligations of the School District.

## **Wayne County Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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### **School District Outlook**

The Wayne County Joint Vocational School District continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decreases income. The School District is on the state foundation guarantee so that basic state aid does not decrease drastically from one school year to the next due to declining enrollments.

As with any school district, the financial future of the School District is not without its challenges. Increases in expenses, especially in the area of salaries and benefits, are projected to continue and revenues are expected to remain at approximately the same levels. The School District has placed a .75 mill Permanent Improvement Levy on the November 2007 ballot to complete the Ohio Schools Facilities Commission's renovation project of the career center main building.

The community opinion of the School District is very strong and property taxpayers are willing to support its operation. However, the School District covers all of Wayne County and parts of four other counties with a voter base of over 60,000 voters. To convince a majority of these voters to support a new levy will take much work and the School District as a whole must continue to produce a solid education for all of its students, high school and adult.

The financial outlook for the School District is best summarized in the last paragraph of the Assumptions to the Five Year Forecast:

We believe that good management of our resources has allowed the School District to build a carry over in the General Fund of approximately \$3 million at the end of fiscal year 2007 without a new levy since 1987. Management will continue to carefully monitor funds available and spending to provide outstanding opportunities for our students while keeping costs within approved appropriations. A deficit balance is forecasted in the fiscal year 2011 school year and an operating levy may be needed prior to that fiscal year to avoid a deficit. Increased state and/or local funding may delay this need and likewise decreased state and/or local funding may accelerate the need. This Five Year Forecast does not include new monies or additional expenditures due to the Ohio School Facilities Project. Proceeds (if the levy passes) from the November 2007 .75 mill levy and expenditures will be separate from the General Fund and accounted for in the Permanent Improvement Fund.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeffrey T. Slutz, Treasurer of Wayne County Joint Vocational School District, 518 West Prospect St., Smithville, Ohio 44677. Or e-mail at [WCCC\\_SLUTZ@tccsa.net](mailto:WCCC_SLUTZ@tccsa.net).



**Wayne County Joint Vocational School District**  
*Statement of Net Assets*  
*June 30, 2007*

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,872,178
Materials and Supplies Inventory	43,678
Accrued Interest Receivable	28,871
Accounts Receivable	144,512
Intergovernmental Receivable	189,369
Taxes Receivable	4,773,629
Land	354,000
Construction in Progress	194,329
Depreciable Capital Assets, net	4,309,481
<i>Total Assets</i>	15,910,047
<b>LIABILITIES:</b>	
Accounts Payable	115,812
Accrued Wages and Benefits	844,324
Intergovernmental Payable	195,776
Accrued Vacation Leave Payable	65,760
Deferred Revenue	3,986,859
Long-Term Liabilities:	
Due Within One Year	98,147
Due in More Than One Year	879,629
<i>Total Liabilities</i>	6,186,307
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	4,853,413
Restricted for Capital Outlay	1,830,371
Restricted for Other Purposes	176,288
Unrestricted	2,863,668
<i>Total Net Assets</i>	\$ 9,723,740

**Wayne County Joint Vocational School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	<u>Program Revenues</u>			<b>Net (Expenses) Revenue and Changes in Net Assets</b>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 1,611,546	\$ 130,441	\$ 173,335	\$ (1,307,770)
Special	6,948	0	0	(6,948)
Vocational	6,637,999	1,763,292	460,703	(4,414,004)
Adult/Continuing	284,178	251,961	330,486	298,269
<b>Support Services:</b>				
Pupils	544,126	0	481,684	(62,442)
Instructional Staff	1,403,549	0	79,797	(1,323,752)
Board of Education	38,796	0	0	(38,796)
Administration	1,090,022	0	0	(1,090,022)
Fiscal	402,744	0	0	(402,744)
Operation and Maintenance of Plant	1,510,437	0	0	(1,510,437)
Pupil Transportation	49,625	0	0	(49,625)
Central	26,926	0	0	(26,926)
Operation of Non-Instructional Services	241,487	0	0	(241,487)
Food Service Operations	200,427	127,872	70,515	(2,040)
Extracurricular Activities	63	0	0	(63)
<b>Total Governmental Activities</b>	<u>\$14,048,873</u>	<u>\$ 2,273,566</u>	<u>\$ 1,596,520</u>	<u>(10,178,787)</u>
<b>General Revenues:</b>				
Property Taxes, Levied for General Purposes				4,966,033
Grants and Entitlements not Restricted to Specific Programs				5,911,830
Gifts and Donations				83,988
Investment Earnings				338,681
Miscellaneous				31,951
<b>Total General Revenues</b>				<u>11,332,483</u>
<b>Change in Net Assets</b>				1,153,696
<b>Net Assets Beginning of Year</b>				<u>8,570,044</u>
<b>Net Assets End of Year</b>				<u>\$ 9,723,740</u>

**Wayne County Joint Vocational School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2007*

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,229,735	\$ 170,403	\$ 1,830,371	\$ 641,669	\$ 5,872,178
Materials and Supplies Inventory	27,704	13,898	0	2,076	43,678
Accrued Interest Receivable	28,871	0	0	0	28,871
Accounts Receivable	468	131,646	0	12,398	144,512
Interfund Receivable	298,821	0	0	0	298,821
Intergovernmental Receivable	0	0	0	189,369	189,369
Taxes Receivable	4,773,629	0	0	0	4,773,629
<i>Total Assets</i>	<u>\$ 8,359,228</u>	<u>\$ 315,947</u>	<u>\$ 1,830,371</u>	<u>\$ 845,512</u>	<u>\$ 11,351,058</u>
<b>LIABILITIES:</b>					
Accounts Payable	69,482	15,438	0	30,892	115,812
Accrued Wages and Benefits	774,196	23,880	0	46,248	844,324
Interfund Payable	0	105,000	0	193,821	298,821
Intergovernmental Payable	162,695	15,562	0	17,519	195,776
Deferred Revenue	4,426,288	0	0	46,818	4,473,106
<i>Total Liabilities</i>	5,432,661	159,880	0	335,298	5,927,839
<b>FUND BALANCES:</b>					
Reserved:					
Reserved for Encumbrances	141,583	42,793	47,344	8,745	240,465
Reserved for Inventory	27,704	13,898	0	2,076	43,678
Reserved for Property Taxes	347,341	0	0	0	347,341
Unreserved, Undesignated, Reported in:					
General Fund	2,409,939	0	0	0	2,409,939
Special Revenue Funds	0	99,376	0	499,393	598,769
Capital Projects Funds	0	0	1,783,027	0	1,783,027
<i>Total Fund Balances</i>	<u>2,926,567</u>	<u>156,067</u>	<u>1,830,371</u>	<u>510,214</u>	<u>5,423,219</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,359,228</u>	<u>\$ 315,947</u>	<u>\$ 1,830,371</u>	<u>\$ 845,512</u>	<u>\$ 11,351,058</u>

**Wayne County Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2007*

Total Governmental Fund Balances		\$	5,423,219
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,857,810
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.			
Grants	\$	46,818	
Delinquent Property Taxes		439,429	486,247
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.			
Accrued Vacation Leave Payable			(65,760)
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Loans Payable		(4,397)	
Early Retirement Incentive Payable		(101,008)	
Compensated Absences		(872,371)	(977,776)
Net Assets of Governmental Activities		\$	9,723,740

**Wayne County Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Property and Other Local Taxes	\$ 4,772,033	\$ 0	\$ 0	\$ 0	\$ 4,772,033
Intergovernmental	6,384,297	460,703	0	1,192,525	8,037,525
Interest	338,451	0	0	229	338,680
Tuition and Fees	0	1,035,426	0	132,344	1,167,770
Rent	125	0	0	0	125
Gifts and Donations	0	0	0	51,648	51,648
Customer Sales and Services	86,940	435,598	3,690	137,292	663,520
Miscellaneous	1,069	0	0	418	1,487
<i>Total Revenues</i>	<u>11,582,915</u>	<u>1,931,727</u>	<u>3,690</u>	<u>1,514,456</u>	<u>15,032,788</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	1,450,236	0	0	155,773	1,606,009
Special	0	0	0	6,948	6,948
Vocational	5,354,655	1,430,996	0	173,057	6,958,708
Adult/Continuing	0	0	0	265,190	265,190
<b>Support Services:</b>					
Pupils	365,659	266	0	182,960	548,885
Instructional Staff	839,070	432,460	0	160,733	1,432,263
Board of Education	38,796	0	0	0	38,796
Administration	913,419	0	0	105,517	1,018,936
Fiscal	397,520	1,660	0	0	399,180
Operation and Maintenance of Plant	1,128,529	39,409	0	18,726	1,186,664
Pupil Transportation	16,196	18,695	0	5,399	40,290
Central	0	0	0	26,926	26,926
Operation of Non-Instructional Services	0	4,895	0	242,144	247,039
Food Service Operations	0	0	0	193,736	193,736
Extracurricular Activities	0	0	0	63	63
Capital Outlay	0	0	2,108,226	3,690	2,111,916
<b>Debt Service:</b>					
Principal	0	0	0	8,798	8,798
<i>Total Expenditures</i>	<u>10,504,080</u>	<u>1,928,381</u>	<u>2,108,226</u>	<u>1,549,660</u>	<u>16,090,347</u>
<i>Excess (deficiency) of Revenues Over (Under) Expenditures</i>	1,078,835	3,346	(2,104,536)	(35,204)	(1,057,559)
<b>OTHER FINANCING SOURCES AND (USES):</b>					
Transfers In	0	0	2,000,000	46,923	2,046,923
Proceeds from Sale of Capital Assets	150	0	0	0	150
Transfers Out	(2,046,923)	0	0	0	(2,046,923)
<i>Total Other Financing Sources and (Uses)</i>	<u>(2,046,773)</u>	<u>0</u>	<u>2,000,000</u>	<u>46,923</u>	<u>150</u>
<i>Net Change in Fund Balances</i>	(967,938)	3,346	(104,536)	11,719	(1,057,409)
<i>Fund Balance at Beginning of Year</i>	<u>3,894,505</u>	<u>152,721</u>	<u>1,934,907</u>	<u>498,495</u>	<u>6,480,628</u>
<i>Fund Balance at End of Year</i>	<u>\$ 2,926,567</u>	<u>\$ 156,067</u>	<u>\$ 1,830,371</u>	<u>\$ 510,214</u>	<u>\$ 5,423,219</u>

**Wayne County Joint Vocational School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds		\$ (1,057,409)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital asset additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,478,422	
Current Year Depreciation	<u>(318,568)</u>	2,159,854
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(56,709)	
Delinquent Property Taxes	<u>194,000</u>	137,291
 Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loan Principal		8,798
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(33,894)	
Vacation Payable	22,209	
Early Retirement Incentive Payable	<u>(83,153)</u>	<u>(94,838)</u>
 Change in Net Assets of Governmental Activities		 <u><u>\$ 1,153,696</u></u>

**Wayne County Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2007*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 4,295,000	\$ 4,295,000	\$ 4,684,241	\$ 389,241
Intergovernmental	6,458,000	6,458,000	6,384,297	(73,703)
Interest	250,000	250,000	343,509	93,509
Rent	0	0	125	125
Customer Sales and Services	30,000	30,000	86,940	56,940
Miscellaneous	75,000	68,000	1,455	(66,545)
<b>Total Revenues</b>	<u>11,108,000</u>	<u>11,101,000</u>	<u>11,500,567</u>	<u>399,567</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,627,907	1,583,107	1,487,086	96,021
Vocational	5,745,487	5,639,737	5,472,180	167,557
<b>Support Services:</b>				
Pupils	373,217	388,217	368,749	19,468
Instructional Staff	810,993	868,993	835,860	33,133
Board of Education	53,500	54,250	40,283	13,967
Administration	898,404	960,204	933,216	26,988
Fiscal	411,146	423,146	397,217	25,929
Operation and Maintenance of Plant	1,239,440	1,292,440	1,179,841	112,599
Pupil Transportation	31,000	31,000	25,127	5,873
<b>Total Expenditures</b>	<u>11,191,094</u>	<u>11,241,094</u>	<u>10,739,559</u>	<u>501,535</u>
Excess of Revenues Over (Under) Expenditures	(83,094)	(140,094)	761,008	901,102
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Advances In	20,000	20,000	299,964	279,964
Proceeds from Sale of Capital Assets	0	0	150	150
Refund of Prior Year Expenditures	0	0	605	605
Transfers Out	(600,000)	(2,050,000)	(2,046,923)	3,077
Advances Out	(20,000)	(340,000)	(298,821)	41,179
<b>Total Other Financing Sources and (Uses)</b>	<u>(600,000)</u>	<u>(2,370,000)</u>	<u>(2,045,025)</u>	<u>324,975</u>
Net Change in Fund Balances	(683,094)	(2,510,094)	(1,284,017)	1,226,077
Fund Balance at Beginning of Year	4,031,280	4,031,280	4,031,280	0
Prior Year Encumbrances Appropriated	287,573	287,573	287,573	0
<b>Fund Balance at End of Year</b>	<u>\$ 3,635,759</u>	<u>\$ 1,808,759</u>	<u>\$ 3,034,836</u>	<u>\$ 1,226,077</u>

**Wayne County Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
For the Fiscal Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 470,000	\$ 470,000	\$ 460,703	\$ (9,297)
Tuition and Fees	1,200,000	1,140,000	1,079,386	(60,614)
Customer Sales and Services	418,500	418,500	435,598	17,098
<b>Total Revenues</b>	<u>2,088,500</u>	<u>2,028,500</u>	<u>1,975,687</u>	<u>(52,813)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Vocational	1,546,656	1,588,841	1,541,934	46,907
Support Services:				
Instructional Staff	513,343	470,765	453,613	17,152
Fiscal	1,800	1,800	1,000	800
Operation and Maintenance of Plant	28,372	33,372	30,374	2,998
Pupil Transportation	26,250	22,978	20,745	2,233
Operation of Non-Instructional Services	10,280	8,944	5,888	3,056
<b>Total Expenditures</b>	<u>2,126,701</u>	<u>2,126,700</u>	<u>2,053,554</u>	<u>73,146</u>
Excess of Revenues Over (Under) Expenditures	(38,201)	(98,200)	(77,867)	20,333
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Advances In	0	0	105,000	105,000
Advances Out	0	0	(143,500)	(143,500)
<b>Total Other Financing Sources and (Uses)</b>	<u>0</u>	<u>0</u>	<u>(38,500)</u>	<u>(38,500)</u>
<b>Net Change in Fund Balances</b>	<u>(38,201)</u>	<u>(98,200)</u>	<u>(116,367)</u>	<u>(18,167)</u>
Fund Balance at Beginning of Year	174,647	174,647	174,647	0
Prior Year Encumbrances Appropriated	68,190	68,190	68,190	0
<b>Fund Balance at End of Year</b>	<u>\$ 204,636</u>	<u>\$ 144,637</u>	<u>\$ 126,470</u>	<u>\$ (18,167)</u>



**Wayne County Joint Vocational School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Fund*  
*June 30, 2007*

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	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 76,357
LIABILITIES:	
Undistributed Monies	\$ 14,088
Due to Students	62,269
<i>Total Liabilities</i>	<u>\$ 76,357</u>

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**Wayne County Joint Vocational School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT**

The Wayne County Joint Vocational School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under an appointed fifteen-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 40 noncertificated employees, 108 certificated full-time teaching personnel and eight administrators who provide services to 749 students and other community members.

The Wayne County Joint Vocational School District provides more than instruction to its students. These additional services include student guidance, extracurricular, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These district operations form the oversight unit and will be included as part of the reporting entity.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Wayne County Joint Vocational School 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

## Wayne County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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### **Basis of Presentation**

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

### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges 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 of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

### **Fund Financial Statements**

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

### **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

### **Governmental Funds**

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

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

## Wayne County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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*Adult Education* – The adult education accounts for educational opportunities offered on a tuition basis to adults living within the community.

*Permanent Improvement* – The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving major capital facilities.

The other governmental funds of the School District account for grants, other resources and debt service, of the School District whose users are restricted to a particular purpose.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The School District's fiduciary fund category consists of only one classification: the agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds primarily account for student activities.

### **Measurement Focus**

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

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

### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. The fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

### **Revenues – Exchanges and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition fees, customer sales and service, investment earnings and grants and entitlements.

**Deferred Revenue**

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

Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2007, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenditures/Expenses**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on long term debt which is reported only when due and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax

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## Wayne County Joint Vocational School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

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

### **Cash and Investments**

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

During fiscal year 2007, investments were limited to repurchase agreements and certificated of deposit.

Nonparticipating investment contracts such as overnight repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Following Ohio statues, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue has been credited to the General Fund and the Food Service Fund. Interest credited to the General Fund during fiscal year 2007 amounted to \$338,451 which includes \$150,793 assigned from other School District funds.

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

### **Inventory**

On government-wide financial statements, inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items are recorded as an expenditure in the governmental fund types when consumed.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School 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 and construction in process are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	15 - 30 years
Furniture and Equipment	8 - 20 years
Vehicles	5 - 15 years

**Interfund Balances**

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

**Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences".

Vacation leave and other compensated absences with similar characteristics should be 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.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a special event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The School District has accrued a liability for these compensated absences using the termination method when the following criterion is met:



**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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1. The benefits are earned by the employee and it is probable that the employer will compensate the employee for the benefits through cash payments conditioned on the “employee’s” retirement (“termination payments”).

The sick leave liability has been based on the School District’s past experience of making termination payments for sick leave.

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

**Accrued Liabilities and Long Term Obligations**

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

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

**Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantor or laws, or regulations of other governments. Net assets restricted for other purposes are primarily include instructional operations, food service operations and adult education..

The government-wide statement of net assets reports \$2,006,659 of restricted net assets, of which \$ 53,319 is restricted by enabling legislation.

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

**Fund Balance Reserves**

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

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

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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**Interfund Transactions**

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. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**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 fiscal 2007.

**Estimates**

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance are based upon 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 (Non-GAAP Basis) and Actual, presented for the General Fund and Adult Education special revenue fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and the fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances for governmental fund types (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education special revenue fund:

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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Net Change in Fund Balance  
Major Governmental Funds

	General	Adult Education
GAAP Basis	\$ (967,938)	\$ 3,346
Net Adjustment for Revenue Accruals	(81,743)	43,960
Advance In	299,964	105,000
Advance Out	(298,821)	(143,500)
Net Adjustment for Expenditure Accruals	(40,580)	(81,240)
Encumbrances (Budget Basis)	(194,899)	(43,933)
Budget Basis	<u>\$ (1,284,017)</u>	<u>\$ (116,367)</u>

**NOTE 4 – FUND DEFICITS**

Fund balances at June 30, 2007 included the following individual fund deficits:

	Deficit Fund Balance
Nonmajor Governmental Funds:	
Employee Severance Fund	\$ 279
Able Jobs	17
Title I	3,158

The deficits in the nonmajor governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes require the classification of monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits maturing not later than 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 accounts, including passbook accounts. Interim monies are permitted to be deposited or invested in the following securities:

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the highest rating classifications by at least two nationally recognized rating agencies.

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

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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**Cash on Hand**

At fiscal year end, the School District had \$275 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits**

At fiscal year end, the carrying amount of the School District's deposits was \$3,978,260 and the bank balance was \$4,010,644. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$3,710,644 was held in collateral pools with no specification for which such funds are held which is considered to be uninsured and uncollateralized. Although all State statutory requirements for the deposit of money has been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments**

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk:** The School District's only investments during the fiscal year were in an overnight repurchase account, with a year end balance of \$1,970,000. This account is not rated by Standard & Poor's or Moody's Investors Service. The School District's policy doesn't address credit risk.

**Concentration of Credit Risk:** The School District places no limit on the amount the school district may invest in any one issuer. During the year, the School District's only investment was in an overnight repurchase account. These investments were secured with pledged collateral, held and in the name of the pledging institution in which the deposit and investments are held.

**NOTE 6- PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second half tax distributions are received in the first half of the following fiscal year. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25 percent of true value, for capital assets and 23 percent of true value of inventory.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The assessed values upon which the fiscal year 2007 taxes were collected come from Wayne, Medina, Holmes, Stark and Ashland County's. Stark and Ashland County's tax collections are minimal. Below is a summary of assessed values which contribute a predominant portion of the Schools District's property tax revenues:

	2006 Second Half		
	<u>Residential/ Agriculture</u>	<u>Commercial/ Industrial</u>	<u>Public Utilities</u>
Real Property:			
Wayne County	\$ 1,519,542,430	\$ 364,205,640	\$ 589,400
Medina County	7,118,410	10,327,780	2,050
Holmes County	34,818,020	4,414,520	0
Grand Total	<u>\$ 1,561,478,860</u>	<u>\$ 378,947,940</u>	<u>\$ 591,450</u>
%	69.27%	16.81%	0.03%
			Total Assessed
	<u>General</u>	<u>Public Utilites</u>	<u>Value</u>
Tangible Personal Property Tax:			
Wayne County	\$ 236,758,570	\$ 64,513,510	\$ 2,185,609,550
Medina County	3,137,580	611,250	21,197,070
Holmes County	6,527,030	1,633,400	47,392,970
Grand Total	<u>\$ 246,423,180</u>	<u>\$ 66,758,160</u>	<u>\$ 2,254,199,590</u>
%	10.93%	2.96%	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$ 4.10		

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

	2007 First Half		
	Residential/ Agriculture	Commercial/ Industrial	Public Utilities
Real Property:			
Wayne County	\$ 1,552,209,270	\$ 365,271,100	\$ 581,020
Medina County	7,185,950	10,924,200	2,310
Holmes County	34,818,020	4,414,520	0
Grand Total	\$ 1,594,213,240	\$ 380,609,820	\$ 583,330
%	70.91%	16.93%	0.03%
			Total Assessed
	General	Public Utilites	Value
Tangible Personal Property Tax:			
Wayne County	\$ 198,204,140	\$ 63,839,460	\$ 2,180,104,990
Medina County	2,091,720	557,730	20,761,910
Holmes County	6,527,030	1,633,400	47,392,970
Grand Total	\$ 206,822,890	\$ 66,030,590	\$ 2,248,259,870
%	9.20%	2.93%	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$ 4.10		

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

The Wayne, Medina, Holmes, Stark, and Ashland County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the School District their portion of the taxes collected. The amount available to the School District as an advance at June 30, 2007, is available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$347,341. The entire amount was available to the general fund. The amount available as an advance at June 30 is also reflected as a reservation of fund balance for future appropriations.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2007 consisted of taxes, accounts, interfund, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 07/01/06	Additions	Disposals	Balance 06/30/07
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 354,000	\$ 0	\$ 0	\$ 354,000
Construction in Progress	586,528	194,329	(586,528)	194,329
Total Capital Assets, not being depreciated	940,528	194,329	(586,528)	548,329
<i>Capital Assets, being depreciated:</i>				
Land Improvements	380,391	0	0	380,391
Buildings and Improvements	5,168,676	2,279,757	0	7,448,433
Furniture and Equipment	3,578,193	590,864	0	4,169,057
Vehicles	435,745	0	0	435,745
Total Capital Assets, being depreciated	9,563,005	2,870,621	0	12,433,626
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(331,290)	(4,765)	0	(336,055)
Buildings and Improvements	(4,314,200)	(102,672)	0	(4,416,872)
Furniture and Equipment	(2,785,853)	(201,465)	0	(2,987,318)
Vehicles	(374,234)	(9,666)	0	(383,900)
Total Accumulated Depreciation	(7,805,577)	(318,568)	0	(8,124,145)
Total Capital Assets being depreciated, net	1,757,428	2,552,053	0	4,309,481
Governmental Capital Assets, net	\$ 2,697,956	\$ 2,746,382	\$ (586,528)	\$ 4,857,810



**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 2,020
Vocational	271,650
Adult/Continuing	1,880
Support Services:	
Pupil	367
Instructional Staff	140
Administration	1,670
Fiscal	2,378
Operation and Maintenance Plant	24,080
Pupil Transportation	9,335
Operation of Non-Instructional Services	360
Food Service Operations	4,688
Total Depreciation Expense	<u>\$ 318,568</u>

**NOTE 9 – RISK MANAGEMENT**

**General Insurance**

The School District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The School District's vehicle liability insurance policy limit is \$1,000,000 for each occurrence with a \$250 collision deductible. All administrators and employees are covered under a School District liability policy. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

**Fidelity Bond**

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

**Workers' Compensation**

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

**Wayne County Joint Vocational School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 10 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District from July 1, 2006 through June 30, 2007, were as follows:

	<u>Outstanding</u> <u>07/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding</u> <u>06/30/07</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Type Activities:</b>					
Food Processing Building Loan 0.00%, 12/02 - 12/07	\$ 13,195	\$ 0	\$ 8,798	\$ 4,397	\$ 4,397
Total Loans Payable	<u>13,195</u>	<u>0</u>	<u>8,798</u>	<u>4,397</u>	<u>4,397</u>
<i>Other Long-Term Liabilities</i>					
Compensated Absences Payable	838,477	33,894	0	872,371	68,498
Early Retirement Incentive Payable	17,855	86,724	3,571	101,008	25,252
Total Other Long-Term Liabilities	<u>856,332</u>	<u>120,618</u>	<u>3,571</u>	<u>973,379</u>	<u>93,750</u>
Total Governmental Type Activities Long-Term Liabilities	<u><u>\$ 869,527</u></u>	<u><u>\$ 120,618</u></u>	<u><u>\$ 12,369</u></u>	<u><u>\$ 977,776</u></u>	<u><u>\$ 98,147</u></u>

The debt service fund is being used to repay the Food Processing Building Loan. Compensated absences payable will be paid from the fund from which the employee is paid. The early retirement incentive payable will be paid from the employee severance fund. The Food Processing Building Loan is an interest free loan from the State of Ohio. The loan was made in fiscal year 1993 in the amount of \$181,111. Principal requirements to maturity for the Food Processing Building Loan are as follows:

Fiscal Year Ending June 30,	Principal
<u>2008</u>	<u>\$ 4,397</u>

The Food Processing Building Loan is backed by the full faith and credit of the School District.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 11 – INTERFUND BALANCES**

The composition of interfund receivable/payable as of June 30, 2007, on the Balance Sheet is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 298,821	\$ 0
Adult Education Fund	0	105,000
Nonmajor Governmental Funds:		
Full Service Center	0	3,348
ABLE Jobs	0	1,133
Adult Basic Education	0	46,815
Vocational Education	0	109,421
Title I	0	31,127
Title VI	0	740
Drug Free Schools	0	1,075
Improving Teacher Quality	0	162
Total	<u>\$ 298,821</u>	<u>\$ 298,821</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund payables outstanding are anticipated to be repaid in fiscal year 2008.

**NOTE 12 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 2,046,923
Permanent Improvement Fund	2,000,000	0
Nonmajor Governmental Funds:		
Bond Retirement	8,798	0
Public School Support	10,000	0
Ohio Schools Facilities Commission's Maintenance	28,125	0
Total	<u>\$ 2,046,923</u>	<u>\$ 2,046,923</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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**NOTE 13 – PENSION PLANS**

**School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$215,789, \$213,449 and \$198,002, respectively; 99% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$4,626, represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds.

**State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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For the fiscal year ended June 30, 2007, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$884,790, \$860,645 and \$831,022, respectively; 88% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$17,984 made by the School District and \$27,601 made by the plan members. \$103,188 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds.

A retiree of STRS Ohio or another Ohio Public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

**NOTE 14 – POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$63,199 during the 2007 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2006, (latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, (latest information available) the health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2006, (latest information available), employer

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, (latest information available), the minimum pay has been established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$97,203.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. Net health care costs for the year ending June 30, 2006 (latest information available) were \$158,751,207. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 59,492.

**NOTE 15 – OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the School District, nonclassified employees shall receive severance payments equal to 25 percent of accumulated unused sick leave and classified employees shall receive severance payments equal to 30 percent of accumulated unused sick leave.

**NOTE 16 – JOINTLY GOVERNED ORGANIZATION**

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the year ended June 30, 2007 the School District paid approximately \$42,400 to Midland for basic service charges.

Representation on the Council of Governments consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

**Wayne County Joint Vocational School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 17 – CONTINGENCIES**

**Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

**NOTE 18 – SET ASIDES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by 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.

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set Aside Carry Over Balance as of June 30, 2006	\$ 0	\$ (1,978,843)	\$(1,978,843)
Current Year Set-Aside Requirement	121,420	121,420	242,840
Qualifying Disbursements	(2,687,714)	(330,237)	(3,017,951)
Totals	\$ (2,566,294)	\$ (2,187,660)	\$(4,753,954)
Cash Balance Carried Forward FY 2008	\$ 0	\$ (2,187,660)	\$(2,187,660)
 Amount to Restrict for Set-Asides			\$ 0
 Amount to Set-Aside			\$ 0

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-aside.

**Wayne County Joint Vocational School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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**NOTE 19 – SUBSEQUENT EVENT**

In November 2007, the voters of the School District passed a ten year .75 mills permanent improvement levy with the first collection year being 2008. This levy is estimated to provide an additional \$1,526,000 each year that will help provide our share of the monies needed to renovate the School District including roof replacement, which is part of the Ohio School Facilities Commission Project.





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 16, 2007

To the Board of Education  
Wayne County Joint Vocational School District  
Smithville, Ohio 44677

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Joint Vocational School District as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 16, 2007. 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 Wayne County Joint Vocational School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne County Joint Vocational School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Joint Vocational School District's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

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

*Kea & Associates, Inc.*

Medina, Ohio



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 16, 2007

To the Board of Education  
Wayne County Joint Vocational School District  
Smithville, Ohio 44677

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

Compliance

We have audited the compliance of Wayne County Joint Vocational School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Wayne County Joint Vocational School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Wayne County Joint Vocational School District's management. Our responsibility is to express an opinion on Wayne 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 the OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wayne County Joint Vocational School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wayne County Joint Vocational School District's compliance with those requirements.

In our opinion, Wayne County Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Wayne County Joint Vocational School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County Joint Vocational School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Joint Vocational School District's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Joint Vocational School District, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Wayne County Joint Vocational School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Rea & Associates, Inc.*

Medina, Ohio

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education (passed through the Ohio Department of Education):</b>						
ABLE FY07	ABS1-2007	84.002	\$ 171,222	\$ 0	\$ 165,121	\$ 0
ABLE EL/Civics FY07	ABS2-2007	84.002	40,960	0	31,462	0
ABLE FY06	ABS1-2006	84.002	18,302	0	6,719	0
ABLE FY06 Carryover to FY07 (C)	ABS1-2006	84.002	(35,592)	0	0	0
ABLE EL/Civics FY06 (C)	ABS2-2006	84.002	(5,480)	0	4,028	0
ABLE FY05	ABS1-2005	84.002	12,000	0	12,000	0
Total Adult Basic Literacy Education			201,412	0	219,330	0
Vocational Ed. - Carl D. Perkins - Secondary FY07	20C1-2007	84.048	205,981	0	269,646	0
Vocational Ed. - Carl D. Perkins - Adult FY07	20C2-2007	84.048	63,913	0	71,014	0
Vocational Ed. - Carl D. Perkins - Secondary FY06	20C1-2006	84.048	73,445	0	24,031	0
Vocational Ed. - Carl D. Perkins - Adult FY06	20C2-2006	84.048	6,989	0	0	0
Total Vocational Education			350,328	0	364,691	0
Safe and Drug-Free Schools, Title IV-A FY07	DRS1-2007	84.186	662	0	1,737	0
Safe and Drug-Free Schools, Title IV-A FY06	DRS1-2006	84.186	1,486	0	0	0
Total Safe and Drug-Free Schools			2,148	0	1,737	0
Even Start FY07	EVS1-2007	84.213	186,424	0	188,119	0
Even Start FY06 (C)	EVS1-2006	84.213	(23,685)	0	(13,038)	0
Total Even Start			162,739	0	175,081	0
Innovative Education Program, Title V FY07	C2S1-2007	84.298	561	0	1,301	0
Innovative Education Program, Title V FY06	C2S1-2006	84.298	614	0	0	0
Total Innovative Education Program, Title V			1,175	0	1,301	0
Improving Teacher Quality, Title II-A FY07	TRS1-2007	84.367	4,282	0	4,444	0
Improving Teacher Quality, Title II-A FY06	TRS1-2006	84.367	441	0	0	0
Total Improving Teacher Quality, Title II-A			4,723	0	4,444	0
Total Ohio Department of Education Pass-Through			722,525	0	766,584	0
<b>U.S. Department of Education (passed through the Ohio Rehabilitation Services Commission):</b>						
Vocational Rehabilitation Grants to States	N/A	84.126	4,808	0	4,808	0
<b>U.S. Department of Education (Direct Awards):</b>						
<i>Student Financial Assistance Cluster:</i>						
Pell Grant	N/A	84.063	236,267	0	235,752	0
Supplemental Educational Opportunity Grant	N/A	84.007	15,000	0	15,000	0
Total Student Financial Assistance Cluster			251,267	0	250,752	0
Total U.S. Department of Education			978,600	0	1,022,144	0
<b>U.S. Department of Labor (passed through the Ohio Department of Education):</b>						
WIA Adult Program	N/A	17.258	60,921	0	60,921	0
<b>U.S. Department of Labor (passed through the Ohio Department of Job and Family Services):</b>						
Workers Trade Adjustment Assistance	N/A	17.245	4,627	0	4,627	0
Total U.S. Department of Labor			65,548	0	65,548	0
<b>U.S. Department of Homeland Security: Federal Emergency Management Agency (passed through the Ohio Emergency Management Agency):</b>						
Public Assistance Grant Program	N/A	97.036	3,690	0	3,690	0
<b>U. S. Department of Agriculture (passed through the Ohio Department of Education):</b>						
Food Distribution Program (A) (B)	N/A	10.550	0	9,911	0	9,911
<i>Child Nutrition Cluster:</i>						
National School Lunch Program (A)	LLP4-2007	10.555	42,190	0	42,190	0
National School Lunch Program (A)	LLP4-2006	10.555	16,846	0	16,846	0
Total Child Nutrition Cluster			59,036	0	59,036	0
Total U.S. Department of Agriculture			59,036	9,911	59,036	9,911
Total Federal Assistance			\$ 1,106,874	\$ 9,911	\$ 1,150,418	\$ 9,911

- (A) Government commodities are reported at the fair market value of the commodities received and disbursed.  
 (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.  
 (C) The District did not expend the total budgeted amount during the available period, and therefore, carried forward the unused portion to the following year.  
 (N/A) Pass-through entity number is either not available or not applicable, as is the case with direct federal awards.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 2007**

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

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Adult Basic Literacy Education, CFDA #84.002; Student Financial Assistance Cluster, CFDA #'s 84.007 and 84.063
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted.

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

None were noted.



**Mary Taylor, CPA**  
Auditor of State

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 18, 2007**