



Dave Yost • Auditor of State

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 February 24, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 24, 2011

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

The discussion and analysis of the Gallia-Jackson-Vinton Joint Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2010 are as follows:

- In total, net assets decreased \$1,263,965. Net assets of governmental activities decreased \$1,498,483, while net assets of the business-type activity increased \$234,518 from 2009.
- General revenues accounted for \$5,683,132 in revenue or 56.5% of all revenues for governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$4,366,747 or 43.5% of total revenues of \$10,049,879.
- The School District had \$11,555,547 in expenses related to governmental activities; only \$4,366,747 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$5,683,132 were not adequate to cover the remaining expenses. Business-type activities had \$1,976,818 in expenses; program specific revenue in the amount of \$2,115,528 adequately covered these expenses.

USING THE BASIC FINANCIAL STATEMENTS

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, 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 2010?" 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.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

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 restricting 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 divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's adult education programs and rotary services are reported as business-type 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 a multiple of 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 and the Permanent Improvement and Classroom Facilities Capital Projects Funds. The School District's only major Business-Type Activities fund is the Adult Education Enterprise 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 fiscal 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (adult education); therefore, these statements will essentially match.

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 2010 compared to 2009.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

**Table 1
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$10,355,955	\$15,358,836	\$2,033,434	\$1,873,329	\$12,389,389	\$17,232,165
Capital Assets	20,826,328	17,538,191	138,590	130,227	20,964,918	17,668,418
Total Assets	31,182,283	32,897,027	2,172,024	2,003,556	33,354,307	34,900,583
Liabilities						
Long-Term Liabilities	3,143,735	3,265,549	50,940	73,159	3,194,675	3,338,708
Other Liabilities	3,961,111	4,055,558	110,399	154,230	4,071,510	4,209,788
Total Liabilities	7,104,846	7,321,107	161,339	227,389	7,266,185	7,548,496
Net Assets						
Invested in Capital Assets	18,174,328	14,660,226	138,590	130,227	18,312,918	14,790,453
Restricted	4,787,518	9,104,778	0	0	4,787,518	9,104,778
Unrestricted	1,115,591	1,810,916	1,872,095	1,645,940	2,987,686	3,456,856
Total Net Assets	\$24,077,437	\$25,575,920	\$2,010,685	\$1,776,167	\$26,088,122	\$27,352,087

Total assets decreased \$1,546,276, with governmental assets decreasing \$1,714,744 and business-type assets increasing \$168,468. For governmental activities, this is primarily due to decreases in cash and cash equivalents in the amount of \$4,756,061 and property taxes receivable in the amount of \$358,066, offset by an increase in capital assets of \$3,288,137. The changes in both cash and cash equivalents and capital assets are the result of the School District's near completion of its classroom facilities construction project. The decrease in property taxes receivable is due to decreases in tangible personal property values. For business-type activities cash and cash equivalents increased \$105,630 due to conservative spending practices. Additionally, amounts for intergovernmental receivable increased \$52,424 due to the timing of receipts for services rendered to other school districts.

Total liabilities decreased \$282,311, with governmental liabilities decreasing \$216,261 and business-type liabilities decreasing \$66,050. For the governmental funds, retainage payable increased \$245,819 and contracts payable decreased \$250,436 due to the classroom facilities construction project. Long-term liabilities decreased \$121,814, reflecting payments on debt. For the business-type activity, accounts payable decreased \$46,085 due to the timing of purchases. Long-term liabilities decreased \$22,219, as employees used more sick and vacation leave in the current year than in the previous year.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, compared to changes in net assets for the fiscal year ended June 30, 2009.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$272,445	\$153,487	\$1,836,515	\$1,599,312	\$2,108,960	\$1,752,799
Operating Grants, Contributions and Interest	4,073,114	3,621,850	279,013	275,932	4,352,127	3,897,782
Capital Grants, Contributions and Interest	21,188	0	0	0	21,188	0
	<u>4,366,747</u>	<u>3,775,337</u>	<u>2,115,528</u>	<u>1,875,244</u>	<u>6,482,275</u>	<u>5,650,581</u>
General Revenues:						
Property Taxes	2,292,977	2,414,480	0	0	2,292,977	2,414,480
Grants and Entitlements	3,135,999	3,057,163	0	0	3,135,999	3,057,163
Interest	190,595	390,271	0	0	190,595	390,271
Miscellaneous	63,561	102,008	102,993	89,254	166,554	191,262
	<u>5,683,132</u>	<u>5,963,922</u>	<u>102,993</u>	<u>89,254</u>	<u>5,786,125</u>	<u>6,053,176</u>
Total Revenues	<u>10,049,879</u>	<u>9,739,259</u>	<u>2,218,521</u>	<u>1,964,498</u>	<u>12,268,400</u>	<u>11,703,757</u>
Program Expenses						
Instruction:						
Regular	121,294	54,105	0	0	121,294	54,105
Special	930,950	802,724	0	0	930,950	802,724
Vocational	4,804,103	4,733,003	0	0	4,804,103	4,733,003
Adult/Continuing	642,556	426,741	0	0	642,556	426,741
Support Services:						
Pupils	478,910	406,603	0	0	478,910	406,603
Instructional Staff	486,473	489,992	0	0	486,473	489,992
Board of Education	95,008	75,894	0	0	95,008	75,894
Administration	559,928	624,427	0	0	559,928	624,427
Fiscal	360,507	379,100	0	0	360,507	379,100
Business	59,091	59,855	0	0	59,091	59,855
Operation and Maintenance of Plant	2,450,655	873,613	0	0	2,450,655	873,613
Pupil Transportation	20,057	27,044	0	0	20,057	27,044
Central	254,598	254,067	0	0	254,598	254,067
Operation of Non-Instructional Services:						
Food Service Operations	207,977	182,262	0	0	207,977	182,262
Extracurricular Activities	18,750	8,409	0	0	18,750	8,409
Interest and Fiscal Charges	64,690	67,648	0	0	64,690	67,648
Adult Education	0	0	1,925,653	1,908,294	1,925,653	1,908,294
Rotary	0	0	51,165	98,660	51,165	98,660
Total Expenses	<u>11,555,547</u>	<u>9,465,487</u>	<u>1,976,818</u>	<u>2,006,954</u>	<u>13,532,365</u>	<u>11,472,441</u>
Change in Net Assets before Transfers	(1,505,668)	273,772	241,703	(42,456)	(1,263,965)	231,316
Transfers In (Out)	7,185	0	(7,185)	0	0	0
Change in Net Assets after Transfers	(1,498,483)	273,772	234,518	(42,456)	(1,263,965)	231,316
Net Assets at Beginning of Year	<u>25,575,920</u>	<u>25,302,148</u>	<u>1,776,167</u>	<u>1,818,623</u>	<u>27,352,087</u>	<u>27,120,771</u>
Net Assets at End of Year	<u>\$24,077,437</u>	<u>\$25,575,920</u>	<u>\$2,010,685</u>	<u>\$1,776,167</u>	<u>\$26,088,122</u>	<u>\$27,352,087</u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

Governmental Activities

Net assets of the School District's governmental activities decreased \$1,498,483 in fiscal year 2010. Total governmental expenses of \$11,555,547 exceeded program revenues of \$4,366,747 and general revenues of \$5,683,132.

The primary sources of revenue for the School District are derived from property taxes, State foundation payments, and federal and state grants. These revenue sources represent 94.7 percent of the total revenue. The remaining 5.3 percent of revenue is from charges for services, interest, and miscellaneous local sources.

In recent years, the State has implemented weighted funding for special education students and career-tech students, in addition to ADM (average daily membership) funding. The state foundation base receipts and both the special education and career-technical weighted funding were all increased by 0.75% (\$20,120 and \$17,986 respectively) over fiscal year 2009 levels as House Bill 1 was implemented. The thought behind this increase was to grant a slight increase in each of the two years of the biennial budget while it is determined Career Tech's role in the overall public education puzzle.

Over 56.2 percent of the School District's budget is used to fund instructional expenses. Support services make up 41.2 percent of expenses and 2.6 percent is used for interest and fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 9.8 percent decrease in employee insurance costs, a negotiated 3.0 percent salary increase, and increases in utility and fuel costs.

Program revenues covered 37.8 percent of program expenses overall. The remaining 62.2 percent is supported through tax revenues and other general revenues. In fiscal year 2010, expenses totaled 114.9 percent of revenues, resulting in a decrease in net assets of \$1,498,483.

Business-Type Activity

The business-type activity involves the School District's adult education program and rotary services. These activities had revenues of \$2,218,521 and expenses of \$1,976,818 for fiscal year 2010. Charges for services increased \$237,203 from the prior year. Expenditures reflect a decrease of \$30,136 for the same period.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2010 compared to fiscal year 2009. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

**Table 3
Governmental Activities**

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$121,294	\$116,711	\$54,105	\$54,105
Special	930,950	(375,222)	802,724	(510,522)
Vocational	4,804,103	3,077,643	4,733,003	3,193,783
Adult/Continuing	642,556	(47,179)	426,741	18,701
Support Services:				
Pupils	478,910	413,381	406,603	365,532
Instructional Staff	486,473	394,235	489,992	344,446
Board of Education	95,008	95,008	75,894	75,894
Administration	559,928	477,529	624,427	501,036
Fiscal	360,507	351,214	379,100	379,100
Business	59,091	59,091	59,855	59,855
Operation and Maintenance of Plant	2,450,655	2,256,361	873,613	873,613
Pupil Transportation	20,057	20,057	27,044	27,044
Central	254,598	244,073	254,067	251,067
Non-Instructional Services:				
Food Service Operations	207,977	22,458	182,262	(19,561)
Extracurricular Activities	18,750	18,750	8,409	8,409
Interest and Fiscal Charges	64,690	64,690	67,648	67,648
Totals	\$11,555,547	\$7,188,800	\$9,465,487	\$5,690,150

As you can see, the reliance upon local tax revenues for governmental activities is crucial. 19.8 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 27.1 percent of expenses. Program revenue supported 38.8 percent of expenses, while investments and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2010, approximately 42.6 percent of instruction activities were supported through taxes and other general revenues. As you can see from Table 3, the special education and the adult/continuing education programs are self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds reported a combined fund balance of \$6,053,078, a decrease of \$4,487,949 from fiscal year 2009. All governmental funds had total revenues of \$10,399,322 and expenditures of \$14,897,002.

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$244,933 decrease in fund balance can be mainly attributed to a \$193,558 transfer and increased personnel costs. The Permanent Improvements Capital Projects Fund's \$1,469,164 increase in fund balance is due to a \$2,200,000 transfer reimbursing the Fund its share of funding the School District's local share of the classroom facilities construction project. The Classroom Facilities Capital Projects Fund's \$5,760,861 decrease is the result of the School District's continuing classroom facilities construction project.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

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 2010, the School District made no amendments to its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$7,619,959, below final estimates of \$8,001,203. Expenditures of \$8,029,432 were lower than final appropriations of \$9,800,880 due to overly conservative estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$20,964,918 invested in land, buildings, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

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

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Land	\$110,702	\$110,702	\$0	\$0	\$110,702	\$110,702
Construction in Progress	124,908	14,417,962	0	0	124,908	14,417,962
Buildings and Improvements	19,428,477	1,856,967	0	0	19,428,477	1,856,967
Furniture, Fixtures, and Equipment	997,140	1,018,962	138,590	130,227	1,135,730	1,149,189
Vehicles	165,101	133,598	0	0	165,101	133,598
Totals	<u>\$20,826,328</u>	<u>\$17,538,191</u>	<u>\$138,590</u>	<u>\$130,227</u>	<u>\$20,964,918</u>	<u>\$17,668,418</u>

During fiscal year 2010, the School District neared completion of its classroom facilities construction project and began work on a new covered walkway. See Note 10 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2010, the School District had Qualified Zone Academy Bonds outstanding in the amount of \$2,652,000. For additional information on debt, see Note 15 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus, management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited*

Externally, the School District is largely dependent on State funding sources (approximately 72 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The School District continues to see slight increases in student enrollment and State revenue growth has shifted toward school districts with lower property tax wealth, both of which has served to help the School District lessen the impact of increased instructional expenses.

Considered a mid-wealth school district, the Gallia-Jackson-Vinton Joint Vocational School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the School District is dependent upon property taxes and State funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the School District to provide a quality education for our students.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and 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 or need additional information, contact Donalyn Smith, Treasurer at Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,911,918	\$1,961,642	\$8,873,560
Cash and Cash Equivalents in Segregated Accounts	245,819	0	245,819
Materials and Supplies Inventory	21,781	0	21,781
Prepaid Items	10,349	3,200	13,549
Accrued Interest Receivable	4,014	0	4,014
Intergovernmental Receivable	416,383	56,359	472,742
Property Taxes Receivable	2,728,463	0	2,728,463
Accounts Receivable	17,228	12,233	29,461
Nondepreciable Capital Assets	235,610	0	235,610
Depreciable Capital Assets, Net	20,590,718	138,590	20,729,308
<i>Total Assets</i>	<u>31,182,283</u>	<u>2,172,024</u>	<u>33,354,307</u>
Liabilities			
Accounts Payable	189,646	12,325	201,971
Contracts Payable	308,990	0	308,990
Accrued Wages and Benefits Payable	656,614	76,784	733,398
Accrued Interest Payable	20,396	0	20,396
Intergovernmental Payable	138,308	16,484	154,792
Matured Compensated Absences Payable	37,154	0	37,154
Accrued Vacation Leave Payable	38,093	4,806	42,899
Retainage Payable	245,819	0	245,819
Claims Payable	31,032	0	31,032
Deferred Revenue	2,295,059	0	2,295,059
Long-Term Liabilities:			
Due within One Year	221,455	0	221,455
Due in More than One Year	2,922,280	50,940	2,973,220
<i>Total Liabilities</i>	<u>7,104,846</u>	<u>161,339</u>	<u>7,266,185</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	18,174,328	138,590	18,312,918
Restricted for:			
Budget Stabilization	32,757	0	32,757
Capital Projects	3,958,007	0	3,958,007
Other Purposes	796,754	0	796,754
Unrestricted	1,115,591	1,872,095	2,987,686
<i>Total Net Assets</i>	<u>\$24,077,437</u>	<u>\$2,010,685</u>	<u>\$26,088,122</u>

See accompanying notes to the basic financial statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$121,294	\$0	\$4,583	\$0
Special	930,950	97,966	1,208,206	0
Vocational	4,804,103	65,018	1,661,442	0
Adult/Continuing	642,556	0	689,735	0
Support Services:				
Pupils	478,910	0	65,529	0
Instructional Staff	486,473	0	92,238	0
Board of Education	95,008	0	0	0
Administration	559,928	7,819	74,580	0
Fiscal	360,507	0	9,293	0
Business	59,091	0	0	0
Operation and Maintenance of Plant	2,450,655	23,255	149,851	21,188
Pupil Transportation	20,057	0	0	0
Central	254,598	4,099	6,426	0
Operation of Non-Instructional Services:				
Food Service Operations	207,977	74,288	111,231	0
Extracurricular	18,750	0	0	0
Interest and Fiscal Charges	64,690	0	0	0
<i>Total Governmental Activities</i>	<u>11,555,547</u>	<u>272,445</u>	<u>4,073,114</u>	<u>21,188</u>
Business-Type Activities				
Rotary	51,165	97,179	0	0
Adult Education	1,925,653	1,739,336	279,013	0
<i>Total Business-Type Activities</i>	<u>1,976,818</u>	<u>1,836,515</u>	<u>279,013</u>	<u>0</u>
Totals	<u><u>\$13,532,365</u></u>	<u><u>\$2,108,960</u></u>	<u><u>\$4,352,127</u></u>	<u><u>\$21,188</u></u>

General Revenues

Property Taxes Levied for:

General Purposes

Grants and Entitlements not Restricted to Specific Programs

Interest

Other

Total General Revenues

Change in Net Assets before Transfers

Transfers In (Out)

Change in Net Assets after Transfers

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$116,711)	\$0	(\$116,711)
375,222	0	375,222
(3,077,643)	0	(3,077,643)
47,179	0	47,179
(413,381)	0	(413,381)
(394,235)	0	(394,235)
(95,008)	0	(95,008)
(477,529)	0	(477,529)
(351,214)	0	(351,214)
(59,091)	0	(59,091)
(2,256,361)	0	(2,256,361)
(20,057)	0	(20,057)
(244,073)	0	(244,073)
(22,458)	0	(22,458)
(18,750)	0	(18,750)
(64,690)	0	(64,690)
(7,188,800)	0	(7,188,800)
0	46,014	46,014
0	92,696	92,696
0	138,710	138,710
(7,188,800)	138,710	(7,050,090)
2,292,977	0	2,292,977
3,135,999	0	3,135,999
190,595	0	190,595
63,561	102,993	166,554
5,683,132	102,993	5,786,125
(1,505,668)	241,703	(1,263,965)
7,185	(7,185)	0
(1,498,483)	234,518	(1,263,965)
25,575,920	1,776,167	27,352,087
<u>\$24,077,437</u>	<u>\$2,010,685</u>	<u>\$26,088,122</u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,789,645	\$3,181,030	\$1,056,457	\$833,465	\$6,860,597
Cash and Cash Equivalents in Segregated Accounts	0	0	245,819	0	245,819
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	32,757	0	0	0	32,757
Receivables:					
Taxes	2,728,463	0	0	0	2,728,463
Accounts	10,012	0	0	7,216	17,228
Intergovernmental	32,475	0	30,877	353,031	416,383
Interfund	330,648	0	0	0	330,648
Accrued Interest	4,014	0	0	0	4,014
Materials and Supplies Inventory	17,830	0	0	3,951	21,781
Prepaid Items	3,416	0	0	6,933	10,349
Total Assets	\$4,949,260	\$3,181,030	\$1,333,153	\$1,204,596	\$10,668,039
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$168,614	\$1,367	\$0	\$19,665	\$189,646
Contracts Payable	0	276,616	32,374	0	308,990
Accrued Wages and Benefits Payable	544,481	0	0	112,133	656,614
Intergovernmental Payable	109,699	0	0	28,609	138,308
Matured Compensated Absences	37,154	0	0	0	37,154
Retainage Payable	0	0	245,819	0	245,819
Interfund Payable	0	0	0	330,648	330,648
Deferred Revenue	2,581,079	0	30,634	96,069	2,707,782
Total Liabilities	3,441,027	277,983	308,827	587,124	4,614,961
Fund Balances					
Reserved for Encumbrances	230,246	230,708	145,718	39,915	646,587
Reserved for Property Taxes	147,384	0	0	0	147,384
Reserved for Budget Stabilization	32,757	0	0	0	32,757
Unreserved, Undesignated, Reported in:					
General Fund	1,097,846	0	0	0	1,097,846
Special Revenue Funds	0	0	0	577,557	577,557
Capital Projects Funds	0	2,672,339	878,608	0	3,550,947
Total Fund Balances	1,508,233	2,903,047	1,024,326	617,472	6,053,078
Total Liabilities and Fund Balances	\$4,949,260	\$3,181,030	\$1,333,153	\$1,204,596	\$10,668,039

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2010*

Total Governmental Fund Balances		\$6,053,078
 <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.		20,826,328
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	286,020	
Grants	126,703	412,723
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(12,468)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Qualified Zone Academy Bonds	(2,652,000)	
Accrued Interest Payable	(20,396)	
Sick Leave Benefits Payable	(491,735)	
Vacation Benefits Payable	(38,093)	(3,202,224)
Net Assets of Governmental Activities		\$24,077,437

See accompanying notes to the basic financial statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,431,865	\$0	\$0	\$0	\$2,431,865
Intergovernmental	4,979,260	0	297,842	2,031,827	7,308,929
Interest	190,595	21,188	53,151	1,088	266,022
Tuition and Fees	48,079	0	0	14,040	62,119
Charges for Services	0	0	3,250	200,029	203,279
Rent	501	0	0	0	501
Extracurricular	840	0	0	0	840
Gifts and Donations	56,500	0	0	0	56,500
Miscellaneous	66,598	0	403	2,266	69,267
<i>Total Revenues</i>	<u>7,774,238</u>	<u>21,188</u>	<u>354,646</u>	<u>2,249,250</u>	<u>10,399,322</u>
Expenditures					
Current:					
Instruction:					
Regular	126,682	0	0	0	126,682
Special	0	0	0	887,331	887,331
Vocational	4,467,646	0	0	331,457	4,799,103
Adult/Continuing	0	0	0	662,173	662,173
Support Services:					
Pupils	387,408	0	0	56,381	443,789
Instructional Staff	330,943	0	0	91,693	422,636
Board of Education	95,008	0	0	0	95,008
Administration	451,012	0	0	73,217	524,229
Fiscal	347,228	0	0	8,401	355,629
Business	56,944	0	0	0	56,944
Operation and Maintenance of Plant	1,013,087	752,024	492,568	84,388	2,342,067
Pupil Transportation	15,465	0	0	0	15,465
Central	247,727	0	0	6,028	253,755
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	200,243	200,243
Extracurricular Activities	18,750	0	0	0	18,750
Capital Outlay	0	0	3,422,939	0	3,422,939
Debt Service:					
Principal Retirement	204,000	0	0	0	204,000
Interest and Fiscal Charges	66,259	0	0	0	66,259
<i>Total Expenditures</i>	<u>7,828,159</u>	<u>752,024</u>	<u>3,915,507</u>	<u>2,401,312</u>	<u>14,897,002</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(53,921)</u>	<u>(730,836)</u>	<u>(3,560,861)</u>	<u>(152,062)</u>	<u>(4,497,680)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	2,546	0	0	0	2,546
Transfers In	0	2,200,000	0	200,743	2,400,743
Transfers Out	(193,558)	0	(2,200,000)	0	(2,393,558)
<i>Total Other Financing Sources (Uses)</i>	<u>(191,012)</u>	<u>2,200,000</u>	<u>(2,200,000)</u>	<u>200,743</u>	<u>9,731</u>
<i>Net Change in Fund Balance</i>	<u>(244,933)</u>	<u>1,469,164</u>	<u>(5,760,861)</u>	<u>48,681</u>	<u>(4,487,949)</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,753,166</u>	<u>1,433,883</u>	<u>6,785,187</u>	<u>568,791</u>	<u>10,541,027</u>
<i>Fund Balances at End of Year</i>	<u>\$1,508,233</u>	<u>\$2,903,047</u>	<u>\$1,024,326</u>	<u>\$617,472</u>	<u>\$6,053,078</u>

See accompanying notes to the basic financial statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds (\$4,487,949)

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

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

Capital Asset Additions	3,625,136	
Depreciation Expense	<u>(245,178)</u>	3,379,958

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or a loss is reported for each disposal. This is the amount of the loss on disposal of assets:

Proceeds from the Sale of Capital Assets	(2,546)	
Loss on Disposal of Capital Assets	<u>(89,275)</u>	(91,821)

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

Grants	(210,555)	
Delinquent Taxes	<u>(138,888)</u>	(349,443)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 204,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due. 1,569

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities: (34,518)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Sick Leave Benefits Payable	(82,186)	
Vacation Benefits Payable	<u>(38,093)</u>	<u>(120,279)</u>

Change in Net Assets of Governmental Activities (\$1,498,483)

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,397,127	\$2,397,127	\$2,380,587	(\$16,540)
Intergovernmental	5,013,821	5,013,821	4,979,260	(34,561)
Interest	187,877	187,877	186,581	(1,296)
Tuition and Fees	7,263	7,263	47,767	40,504
Rent	505	505	501	(4)
Extracurricular	846	846	840	(6)
Miscellaneous	393,764	393,764	24,423	(369,341)
<i>Total Revenues</i>	<u>8,001,203</u>	<u>8,001,203</u>	<u>7,619,959</u>	<u>(381,244)</u>
Expenditures				
Current:				
Instruction:				
Regular	90,002	90,002	76,838	13,164
Vocational	5,792,410	5,792,410	4,638,120	1,154,290
Support Services:				
Pupils	453,814	453,814	387,435	66,379
Instructional Staff	391,272	391,272	334,042	57,230
Board of Education	153,984	153,984	131,461	22,523
Administration	574,319	574,319	459,469	114,850
Fiscal	421,068	421,068	359,479	61,589
Business	69,900	69,900	59,676	10,224
Operation and Maintenance of Plant	1,210,765	1,210,765	1,033,666	177,099
Pupil Transportation	22,898	22,898	19,550	3,348
Central	289,474	289,474	247,133	42,341
Extracurricular Activities	14,412	14,412	12,304	2,108
Debt Service:				
Principal	238,951	238,951	204,000	34,951
Interest and Fiscal Charges	77,611	77,611	66,259	11,352
<i>Total Expenditures</i>	<u>9,800,880</u>	<u>9,800,880</u>	<u>8,029,432</u>	<u>1,771,448</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,799,677)</u>	<u>(1,799,677)</u>	<u>(409,473)</u>	<u>1,390,204</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	14,367	14,367	2,546	(11,821)
Advances In	94,962	94,962	100,161	5,199
Transfers Out	(220,630)	(220,630)	(193,558)	27,072
Advances Out	(387,298)	(387,298)	(330,648)	56,650
<i>Total Other Financing Sources (Uses)</i>	<u>(498,599)</u>	<u>(498,599)</u>	<u>(421,499)</u>	<u>77,100</u>
<i>Net Change in Fund Balance</i>	(2,298,276)	(2,298,276)	(830,972)	1,467,304
<i>Fund Balance at Beginning of Year</i>	2,004,307	2,004,307	2,004,307	0
Prior Year Encumbrances Appropriated	293,969	293,969	293,969	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,467,304</u>	<u>\$1,467,304</u>

See accompanying notes to the basic financial statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Fund Net Assets

Proprietary Funds

June 30, 2010

	Business-Type Activities			Governmental
	Adult Education	Other	Total	Internal Service
		Enterprise Fund	Enterprise Funds	
Assets				
Current :				
Equity in Pooled Cash and Cash Equivalents	\$1,854,688	\$106,954	\$1,961,642	\$18,564
Intergovernmental Receivable	56,359	0	56,359	0
Accounts Receivable	12,047	186	12,233	0
Prepaid Items	3,200	0	3,200	0
<i>Total Current Assets</i>	<u>1,926,294</u>	<u>107,140</u>	<u>2,033,434</u>	<u>18,564</u>
Noncurrent:				
Depreciable Capital Assets, Net	138,590	0	138,590	0
<i>Total Assets</i>	<u>2,064,884</u>	<u>107,140</u>	<u>2,172,024</u>	<u>18,564</u>
Liabilities				
Current:				
Accounts Payable	12,325	0	12,325	0
Accrued Wages and Benefits Payable	76,784	0	76,784	0
Intergovernmental Payable	16,484	0	16,484	0
Accrued Vacation Leave Payable	4,806	0	4,806	0
Claims Payable	0	0	0	31,032
<i>Total Current Liabilities</i>	<u>110,399</u>	<u>0</u>	<u>110,399</u>	<u>31,032</u>
Long-Term:				
Compensated Absences Payable	50,940	0	50,940	0
<i>Total Liabilities</i>	<u>161,339</u>	<u>0</u>	<u>161,339</u>	<u>31,032</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	138,590	0	138,590	0
Unrestricted (Deficit)	1,764,955	107,140	1,872,095	(12,468)
<i>Total Net Assets</i>	<u>\$1,903,545</u>	<u>\$107,140</u>	<u>\$2,010,685</u>	<u>(\$12,468)</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds
For the Year December 31, 2010*

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Fund	Total Enterprise Funds	Internal Service
Operating Revenues				
Tuition and Fees	\$797,010	\$0	\$797,010	\$0
Sales	123,471	0	123,471	0
Charges for Services	818,855	97,179	916,034	100,000
Other Operating Revenues	102,993	0	102,993	0
<i>Total Operating Revenues</i>	<u>1,842,329</u>	<u>97,179</u>	<u>1,939,508</u>	<u>100,000</u>
Operating Expenses				
Salaries and Wages	1,247,986	0	1,247,986	0
Fringe Benefits	182,829	0	182,829	0
Purchased Services	236,351	1,336	237,687	5,727
Materials and Supplies	137,409	43,916	181,325	0
Depreciation	16,025	0	16,025	0
Claims	0	0	0	128,791
Other Operating Expenses	102,789	5,913	108,702	0
<i>Total Operating Expenses</i>	<u>1,923,389</u>	<u>51,165</u>	<u>1,974,554</u>	<u>134,518</u>
<i>Operating Income (Loss)</i>	<u>(81,060)</u>	<u>46,014</u>	<u>(35,046)</u>	<u>(34,518)</u>
Non-Operating Revenues (Expenses)				
Federal and State Subsidies	279,013	0	279,013	0
Loss on Disposal of Capital Assets	(2,264)	0	(2,264)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>276,749</u>	<u>0</u>	<u>276,749</u>	<u>0</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>195,689</u>	<u>46,014</u>	<u>241,703</u>	<u>(34,518)</u>
Transfers Out	(7,185)	0	(7,185)	0
<i>Change in Net Assets</i>	<u>188,504</u>	<u>46,014</u>	<u>234,518</u>	<u>(34,518)</u>
<i>Net Assets at Beginning of Year</i>	<u>1,715,041</u>	<u>61,126</u>	<u>1,776,167</u>	<u>22,050</u>
<i>Net Assets (Deficit) at End of Year</i>	<u>\$1,903,545</u>	<u>\$107,140</u>	<u>\$2,010,685</u>	<u>(\$12,468)</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities			Governmental
	Adult Education	Other	Total	Internal Service
		Enterprise Fund	Enterprise Funds	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$895,073	\$97,759	\$992,832	\$100,000
Cash Received from Tuition and Fees	779,792	0	779,792	0
Cash Payments for Employee Services and Benefits	(1,451,251)	0	(1,451,251)	(101,395)
Cash Payments to Suppliers for Goods and Services	(415,415)	(45,252)	(460,667)	(6,132)
Other Operating Revenues	102,993	0	102,993	0
Other Operating Expenses	(105,770)	(6,040)	(111,810)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(194,578)</u>	<u>46,467</u>	<u>(148,111)</u>	<u>(7,527)</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	280,393	0	280,393	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>280,393</u>	<u>0</u>	<u>280,393</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(26,652)	0	(26,652)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(26,652)</u>	<u>0</u>	<u>(26,652)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	59,163	46,467	105,630	(7,527)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,795,525</u>	<u>60,487</u>	<u>1,856,012</u>	<u>26,091</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,854,688</u></u>	<u><u>\$106,954</u></u>	<u><u>\$1,961,642</u></u>	<u><u>\$18,564</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
<i>Operating Income (Loss)</i>	(\$81,060)	\$46,014	(\$35,046)	(\$34,518)
<i>Adjustments:</i>				
Depreciation	16,025	0	16,025	0
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(10,667)	580	(10,087)	0
Intergovernmental Receivable	(53,804)	0	(53,804)	0
Materials and Supplies Inventory	1,976	0	1,976	0
Prepaid Items	(1,125)	0	(1,125)	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(46,085)	0	(46,085)	(405)
Claims Payable	0	0	0	27,396
Accrued Wages and Benefits Payable	12,412	0	12,412	0
Compensated Absences Payable	(17,413)	0	(17,413)	0
Intergovernmental Payable	(14,837)	(127)	(14,964)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>(\$194,578)</u></u>	<u><u>\$46,467</u></u>	<u><u>(\$148,111)</u></u>	<u><u>(\$7,527)</u></u>

See accompanying notes to the basic financial statements.

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Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 1 - Description of the Joint Vocational School District and Reporting Entity

The Gallia-Jackson-Vinton Joint Vocational School District (the School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and 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 is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of nine members from the six participating school districts located within Gallia, Jackson, and Vinton Counties. The Board consists of five members from the three city school districts and four members from the three local school districts. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1970. The buildings are located on a 47.63 acre site and were opened for instruction in 1975. It is staffed by 30 classified employees and 66 certificated employees who provide services to 1,041 high school students and 1,242 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

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

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, or the levying of taxes. The School District has no component units.

The School District participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Plan and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are defined as insurance purchasing pools. These organizations are presented in Notes 16 and 17.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting 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 and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise funds. The more significant of the School District's accounting policies are described below.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements During the fiscal 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements.

B. Fund Accounting

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

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

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

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Permanent Improvements Capital Projects Fund The Permanent Improvements Capital Projects Fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Classroom Facilities Capital Projects Fund The Classroom Facilities Capital Projects Fund accounts for grant and debt proceeds used for the renovation and reconstruction of the School District's school facilities.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds accounts for the operation of the School District's adult education and rotary programs. The School District's only major enterprise fund is the Adult Education Fund.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund, which accounts for student loans. This fund has a zero balance at June 30, 2010.

C. Measurement Focus

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

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

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus (Continued)

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

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected 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 fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 yearend: property taxes available as an advance, interest, tuition, grants, fees, and charges for services.

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

Property taxes for which there was an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, are 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 are reported as deferred revenue.

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

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

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

E. Cash and Cash Equivalents

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

The School District has segregated bank accounts for monies retained by the School District which are being used during construction to insure satisfactory completion of the school facilities project. These accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts" since they are kept separate from the School District treasury.

During fiscal year 2010, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue is credited to the General Fund; the Lunchroom Special Revenue Fund; and the Permanent Improvements and Classroom Facilities Capital Projects Funds. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$190,595, which includes \$147,314 assigned from other School District funds.

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 presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption or resale and donated and purchased food held for resale.

H. Capital Assets

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

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred 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.

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

Description	Estimated Lives
Buildings and Improvements	50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	5 - 20 years
Textbooks	5 - 20 years

I. Interfund Balances

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the School District for the unspent workers' compensation refund monies required to be maintained for budget stabilization. See Note 19 for additional information regarding set-asides.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "accrued vacation leave payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with ten or more years of current service with the School District.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Compensated Absences (Continued)

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

N. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for 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 encumbrances, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money set-aside to protect the School District from cyclical changes in revenues and expenditures.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for adult education programs and rotary activity. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Extraordinary and Special Item

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.

R. Estimates

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

S. 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 rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations to the function and object level.

The certificate of estimated resources may be amended during the fiscal 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 statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 2 - Summary of Significant Accounting Policies (Continued)

S. Budgetary Process (Continued)

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

Note 3 - Changes in Accounting Principles

For 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments"; Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"; and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2010:

	<u>Deficit</u>
Special Revenue Funds:	
Special Education Consortium	\$107,201
EMIS	22
Adult Basic Literacy Education	29,140
Perkins	38,724
Drug Free Schools	1,424

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Prepaid items represent amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 5 - Budgetary Basis of Accounting (Continued)

	General Fund
GAAP Basis	(\$244,933)
Net Adjustment for:	
Revenue Accruals	(154,279)
Expenditure Accruals	152,224
Prepaid Items:	
Beginning of Fiscal Year	5,017
End of Fiscal Year	(3,416)
Advances In	100,161
Advances Out	(330,648)
Encumbrances	(355,098)
Budget Basis	<u>(\$830,972)</u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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 deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio;

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 6 - Deposits and Investments (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$9,054,396 of the School District's bank balance of \$9,304,396 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 7 - Property Taxes (Continued)

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Gallia, Jackson, Lawrence, and Vinton Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County's by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2010, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred.

The amount available as an advance at June 30, 2010, was \$147,384 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2009, was \$96,106. The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
Real Property	\$961,906,300	77.55%	\$1,042,423,530	79.80%
Public Utility Tangible Personal Property	246,905,810	19.90%	260,418,090	19.94%
Tangible Personal Property	31,569,405	2.55%	3,386,410	0.26%
Total	\$1,240,381,515	100.00%	\$1,306,228,030	100.00%
 Tax Rate per \$1,000 of Assessed Valuation	\$2.00		\$2.00	

Note 8 – Receivables

Receivables at June 30, 2010, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, accrued interest, and intergovernmental grants. 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. Delinquent property taxes deemed collectible by the County Auditor's and recorded as a receivable in the amount of \$286,020 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 8 – Receivables (Continued)

Governmental Activities:

Ohio School Facilities Commission	\$30,877
Adult Basic Literacy Education	51,596
Perkins Grant	295,665
Drug Free Schools	1,424
Title II-A	4,125
Miscellaneous	<u>32,696</u>

Total Governmental Activities 416,383

Business-Type Activities:

Adult Education	<u>56,359</u>
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Total Intergovernmental Receivables \$472,742

Note 9 - Interfund Activity

A. Transfers

The General Fund made transfers to the Uniform School Supply, Classroom Maintenance, and Access Special Revenue Funds in the amounts of \$5,867, \$183,691, and \$4,000, respectively. The transfers were used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Classroom Facilities Capital Projects Fund transferred \$2,200,000 to the Permanent Improvements Capital Projects Fund to reimburse the fund for its share of local initiative expenditures related to the Ohio School Facilities Program. The Adult Education Enterprise Fund made a \$7,185 transfer to the Pell Grant Special Revenue Fund to reclassify an advance made in previous fiscal years that was not going to be repaid.

B. Interfund Balances

Interfund balances at June 30, 2010, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	<u>\$330,648</u>	<u>\$0</u>
Special Revenue Funds:		
Special Education	0	8,615
Adult Basic Literacy Education	0	23,282
Perkins	0	291,085
Drug Free Grants	0	1,424
Title II-A	0	4,125
Miscellaneous Federal Grants	<u>0</u>	<u>2,117</u>
Total Special Revenue Funds	<u>0</u>	<u>330,648</u>
Total All Funds	<u><u>\$330,648</u></u>	<u><u>\$330,648</u></u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
Governmental Activities:				
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$110,702	\$0	\$0	\$110,702
Construction in Progress	14,417,962	3,422,939	17,715,993	124,908
Total Nondepreciable Capital Assets	14,528,664	3,422,939	17,715,993	235,610
Depreciable Capital Assets:				
Buildings and Improvements	5,133,333	17,725,293	19,400	22,839,226
Furniture, Fixtures, and Equipment	1,944,979	168,217	134,007	1,979,189
Vehicles	254,495	24,680	4,810	274,365
Textbooks	105,839	0	0	105,839
Total Depreciable Capital Assets	7,438,646	17,918,190	158,217	25,198,619
Less Accumulated Depreciation:				
Buildings and Improvements	(3,276,366)	(134,770)	(387)	(3,410,749)
Furniture, Fixtures, and Equipment	(926,017)	(94,358)	(61,199)	(959,176)
Vehicles	(120,897)	(16,050)	(4,810)	(132,137)
Textbooks	(105,839)	0	0	(105,839)
Total Accumulated Depreciation	(4,429,119)	(245,178) *	(66,396)	(4,607,901)
Total Capital Assets being Depreciated, Net	3,009,527	17,673,012	91,821	20,590,718
Capital Assets, Net	\$17,538,191	\$21,095,951	\$17,807,814	\$20,826,328

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	\$260
Vocational	66,897
Adult/Continuing	2,315
Support Services:	
Pupils	160
Instructional Staff	9,452
Administration	3,076
Fiscal	1,237
Business	514
Operation and Maintenance of Plant	151,451
Pupil Transportation	6,519
Central	843
Food Service Operations	2,454
Total Depreciation Expense	\$245,178

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 10 - Capital Assets (Continued)

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
Business-Type Activities:				
Capital Assets:				
Depreciable Capital Assets:				
Furniture, Fixtures, and Equipment	\$201,843	\$26,652	\$4,850	\$223,645
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(71,616)	(16,025)	(2,586)	(85,055)
Business-Type Activities Capital Assets, Net	<u>\$130,227</u>	<u>\$10,627</u>	<u>\$2,264</u>	<u>\$138,590</u>

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2010, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$23,682,611
General Liability:		
Each Occurrence	2,500	5,000,000
Aggregate Limit	2,500	5,000,000
Sexual Abuse	2,500	5,000,000
Products - Completed Operations Aggregate Limit	2,500	7,000,000
Personal and Advertising Injury Limit - Each Offense	2,500	5,000,000
Errors and Omissions:		
Each Occurrence	2,500	5,000,000
Aggregate Limit	2,500	7,000,000
Employers' Liability:		
Each Occurrence	2,500	5,000,000
Employee Benefits Liability:		
Each Occurrence	2,500	5,000,000
Aggregate Limit	2,500	7,000,000
Vehicles:		
Bodily Injury:		
Per Person	250	5,000,000
Per Accident	250	5,000,000
Property Damage	250	5,000,000
Uninsured Motorist:		
Per Person	250	1,000,000
Per Accident	250	1,000,000

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 11 - Risk Management (Continued)

A. Property and Liability (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been so significant reduction in insurance coverage from fiscal year 2009.

B. Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Medical Expense Reimbursement Plan

The School District has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the School District's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the School District, United Healthcare, and Patrick Benefits Administrators. The School District's health plan with United Healthcare covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible with United Healthcare and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the School District and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with United Healthcare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with United Healthcare.

Changes in claims activity for the current and preceding fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2009	\$22,188	\$73,353	\$91,905	\$3,636
2010	3,636	128,791	101,395	31,032

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 12 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days for all employees. In addition, administrative employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years.

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through United Healthcare in the amount of \$20,000.

The School District contracts with United Healthcare for hospitalization and major medical insurance for all full-time employees. The School District pays monthly premiums of \$1,368 for family coverage, \$912 for employee/spouse coverage, \$821 for employee/child coverage, and \$456 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a prescription deductible of \$10, for formulary generic, \$35 for formulary brand, and \$60 for non-formulary.

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$170,159, \$117,305, and \$93,622, respectively; 94.75 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$677,642, \$726,857, and \$623,077, respectively; 88.83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$39,106 made by the School District and \$27,933 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, four members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$29,371, \$68,441, and \$53,968, respectively; 42.82 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$9,940, \$1,355, and \$881, respectively; 94.65 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board the authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$52,126, \$55,912, and \$47,929, respectively; 88.83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/09	Additions	Deductions	Principal Outstanding 6/30/10	Amounts Due in One Year
Governmental Activities:					
2008 Qualified Zone Academy Bonds - 2.31%	\$2,856,000	\$0	\$204,000	\$2,652,000	\$204,000
Sick Leave Benefits Payable	409,549	151,890	69,704	491,735	17,455
Total Governmental Activities	<u>\$3,265,549</u>	<u>\$151,890</u>	<u>\$273,704</u>	<u>\$3,143,735</u>	<u>\$221,455</u>
Business-Type Activities:					
Sick Leave Benefits Payable	<u>\$73,159</u>	<u>\$0</u>	<u>\$22,219</u>	<u>\$50,940</u>	<u>\$0</u>

Sick leave benefits will be paid from the General Fund; the Food Service, Special Education Consortium, and Perkins Grant Special Revenue Funds; and the Adult Education Enterprise Fund.

On March 1, 2008, the School District issued \$3,060,000 of qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District's locally funded portion in upgrading existing facilities through the Ohio Schools Facilities Commission. The QZAB matures in 2023. The QZAB was issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Valley Bank Company, and then subleased back to the School District. The QZAB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through March 1, 2023, subject to annual appropriations. To satisfy trustee requirements, the School District is required to make annual base rent payments, subject to lease terms and appropriations, annually.

Annual base rent requirements to retire the Qualified Zone Academy Bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2011	\$204,000	\$61,526
2012	204,000	56,794
2013	204,000	52,061
2014	204,000	47,328
2015	204,000	42,595
2016 - 2020	1,020,000	141,984
2021 - 2023	612,000	28,397
	<u>\$2,652,000</u>	<u>\$430,685</u>

The School District's overall legal debt margin was \$117,560,523, with an unvoted debt margin of \$13,062,280 at June 30, 2010.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 16 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 28 participants consisting of school districts in nine southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2010, the School District paid \$13,745 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2010. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 17 - Insurance Purchasing Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and is authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint-insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between the OSP and member school districts.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is currently party to legal proceedings. The possible outcome and effect on the financial statements cannot be determined at this time.

Note 19 - 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 the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-Aside Reserve Balance as of as of June 30, 2009	\$0	\$0	\$32,757
Current Year Set-Aside Requirement	102,077	102,077	0
Qualifying Expenditures	<u>(302,726)</u>	<u>(431,866)</u>	<u>0</u>
Totals	<u>(\$200,649)</u>	<u>(\$329,789)</u>	<u>\$32,757</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$200,649)</u>	<u>\$0</u>	<u>\$32,757</u>
Set-Aside Reserve Balance as of June 30, 2010	<u>\$0</u>	<u>\$0</u>	<u>\$32,757</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amount in the textbooks set-asides may be used to reduce the set-aside requirements for future years.

Note 20 - Contractual Commitments

As of June 30, 2010, the School District's contractual purchase commitments for the construction of a new covered walkway are as follows:

<u>Project</u>	<u>Fund</u>	<u>Vendor</u>	<u>Amount</u>	<u>Expended</u>	<u>06/30/10</u>
Covered Walkway	Classroom Facilities	Kinsale Corporation	\$120,881	\$116,105	\$4,776
	Capital Projects Fund	SHP Design	9,781	8,803	978
Total Contractual Commitments			<u>\$130,662</u>	<u>\$124,908</u>	<u>\$5,754</u>

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 10,126	\$ 10,126
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	23,480	23,480
National School Lunch Program	2008/2009	10.555	71,069	71,069
Cash Assistance Subtotal			<u>94,549</u>	<u>94,549</u>
Total Child Nutrition Cluster			<u>104,675</u>	<u>104,675</u>
Total U.S. Department of Agriculture			104,675	104,675
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Student Financial Aid Cluster:				
Federal Pell Grant Program	2009	84.063	293,503	294,113
<i>Passed Through the Great Lakes Higher Education:</i>				
Federal Family Education Loans	2009	84.032	101,212	101,212
Total Student Financial Aid Cluster			<u>394,715</u>	<u>395,325</u>
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States				
Instructional Grant	2009	84.002		11,875
	2010		169,997	176,331
E/L Civics Grant	2009		4,646	2,843
Total Adult Education - Basic Grants to States			<u>174,643</u>	<u>191,049</u>
Vocational Education - Basic Grants to States	2008	84.048	90,555	
	2009		123,926	501,893
Total Vocational Education - Basic Grants to States			<u>214,481</u>	<u>501,893</u>
Safe and Drug-Free Schools and Communities State Grants	2009	84.186	158	633
Rural School Achievement Program	2009	84.358A	11,833	16,431
Improving Teacher Quality State Grants	2010	84.367	458	
Total U.S. Department of Education			<u>796,288</u>	<u>1,105,331</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 900,963</u>	<u>\$ 1,210,006</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.



Dave Yost • Auditor of State

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

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities, and others within the School District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 24, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

Compliance

We have audited the compliance of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The School District's management 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 the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated February 24, 2011.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the School District, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

February 24, 2011

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA #'s 10.553 and 10.555 Adult Education Basic Grants to States CFDA #84.002 Vocational Education Basic Grants to States CFDA #84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT

GALLIA 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
MARCH 15, 2011**