



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashland County-West Holmes Joint Vocational School District  
Ashland County  
1783 State Route 60  
Ashland, Ohio 44805

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

#### **Federal Awards Receipts and Expenditures Schedule**

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures 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 not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures 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

January 4, 2013

## Ashland County-West Holmes Joint Vocational School District

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(UNAUDITED)*

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The discussion and analysis of the Ashland County-West Holmes Joint Vocational School District (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### ***Financial Highlights***

Key financial highlights for 2012 are as follows:

- Net assets decreased \$458,946, which represents a 4.3 percent decrease from 2011.
- Capital assets increased \$20,155 during fiscal year 2012.
- During the year, outstanding debt decreased from \$902,705 to \$790,311 due to principal payments made by the School District.

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

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

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

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

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

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all (non-fiduciary) 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.

**Ashland County-West Holmes Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(UNAUDITED)*

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

In the *Statement of Net Assets* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

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

*Fund Financial Statements*

The major funds' financial statements begin on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude 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, the permanent improvement fund and the adult education fund.

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

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 19.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 22 and 23. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.



**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
 (UNAUDITED)

**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 2012 compared to 2011:

**Table 1**  
**Net Assets**

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 9,209,044	\$ 9,247,369
Capital Assets	5,194,991	5,174,836
<i>Total Assets</i>	14,404,035	14,422,205
<b>Liabilities</b>		
Other Liabilities	3,061,921	2,540,124
Long-Term Liabilities	1,166,133	1,247,154
<i>Total Liabilities</i>	4,228,054	3,787,278
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	4,404,680	4,272,131
Restricted	1,123,636	1,111,646
Unrestricted	4,647,665	5,251,150
<i>Total Net Assets</i>	\$ 10,175,981	\$ 10,634,927

At year end, capital assets represented 36 percent of total assets. Capital assets include, land and improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles. Capital assets, net of related debt were \$4,404,680 at June 30, 2012. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$1,123,636 or 11 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net assets of \$4,647,665 may be used to meet the School District's ongoing obligations to students and creditors.

Total liabilities increased by \$440,776, primarily due to increases in claims payable and deferred revenue. Deferred revenue increased from fiscal year 2011 to fiscal year 2012 due to a decrease in the amount of tax revenue available for advance from the counties. Long-term liabilities decreased due to principal payments on long-term debt.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
 (UNAUDITED)

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities	
	2012	2011
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 853,728	\$ 887,097
Operating Grants	1,204,495	1,522,455
Capital Grants	0	100,990
<i>Total Program Revenues</i>	<u>2,058,223</u>	<u>2,510,542</u>
<i>General Revenues:</i>		
Property Taxes	2,252,405	3,188,890
Grants and Entitlements Not Restricted	2,813,240	2,880,081
Other	46,988	73,631
<i>Total General Revenues</i>	<u>5,112,633</u>	<u>6,142,602</u>
<i>Total Revenues</i>	<u>7,170,856</u>	<u>8,653,144</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
Regular	556,544	627,718
Special	361,313	308,152
Vocational	2,925,476	2,684,978
Adult/Continuing	1,332,639	1,263,550
Student Intervention Services	3,418	519
Other	0	1,326
<i>Support Services:</i>		
Pupils	178,729	150,445
Instructional Staff	152,775	184,671
Board of Education	72,567	48,304
Administration	784,619	698,009
Fiscal	423,245	393,174
Business	4,894	3,706
Operation and Maintenance of Plant	564,468	710,157
Pupil Transportation	15,197	6,584
Central	21,399	231,991
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	165,722	127,016
Community Services	2,969	163,086
Intergovernmental	0	394
Extracurricular Activities	25,431	25,931
<i>Debt Service:</i>		
Interest and Fiscal Charges	38,397	42,454
<i>Total Expenses</i>	<u>7,629,802</u>	<u>7,672,165</u>
<i>Increase (Decrease) in Net Assets</i>	(458,946)	980,979
<i>Net Assets at Beginning of Year</i>	<u>10,634,927</u>	<u>9,653,948</u>
<i>Net Assets at End of Year</i>	<u>\$ 10,175,981</u>	<u>\$ 10,634,927</u>

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
 (UNAUDITED)

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

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 556,544	\$ 627,718	\$ 512,569	\$ 576,032
Special	361,313	308,152	48,413	(5,968)
Vocational	2,925,476	2,684,978	2,729,757	2,554,478
Adult/Continuing	1,332,639	1,263,550	127,808	(131,745)
Student Intervention Services	3,418	519	3,418	519
Other	0	1,326	0	1,326
Support Services:				
Pupils	178,729	150,445	124,400	123,517
Instructional Staff	152,775	184,671	102,547	136,419
Board of Education	72,567	48,304	72,567	48,304
Administration	784,619	698,009	779,422	694,418
Fiscal	423,245	393,174	423,245	393,174
Business	4,894	3,706	4,894	3,706
Operation and Maintenance of Plant	564,468	710,157	561,443	603,867
Pupil Transportation	15,197	6,584	15,197	6,584
Central	21,399	231,991	(33,839)	66,231
Operation of Non-Instructional Services:				
Food Service Operations	165,722	127,016	33,166	6,600
Community Services	2,969	163,086	2,744	15,382
Intergovernmental	0	394	0	394
Extracurricular Activities	25,431	25,931	25,431	25,931
Debt Service:				
Interest and Fiscal Charges	38,397	42,454	38,397	42,454
<i>Total Expenses</i>	<u>\$ 7,629,802</u>	<u>\$ 7,672,165</u>	<u>\$ 5,571,579</u>	<u>\$ 5,161,623</u>

The dependence upon general revenues for governmental activities is apparent. Over 73 percent of governmental activities are supported through taxes and other general revenues; such revenues are 71 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

The decrease in operating grants is due to the expiration of the Ohio Skills Bank Grant which was available in fiscal year 2011 for job training in the polymer industry. The decrease in property tax revenue is due to fluctuations in the amount available for advance at the end of the fiscal year. The advance amount can vary depending on the date that property tax bills are sent.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
(UNAUDITED)

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***Governmental Funds***

Financial statement for the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,163,836 and expenditures of \$7,645,925 for the fiscal year.

The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$521,761. Revenue from property taxes was 26 percent lower than in fiscal year 2011. The decrease in property tax revenue is due to fluctuations in the amount available for advance at the end of the fiscal year.

The fund balance of the permanent improvement fund increased by \$83,862. Total expenditures decreased from \$693,458 in fiscal year 2011 to \$320,252 in fiscal year 2012, primarily due to the timing of capital purchases.

The fund balance of the adult education fund decreased by \$68,010. This was due primarily to a decrease in grant revenue.

***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.

The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue of \$5,501,207 was the same as the original budget basis revenue. Actual revenue of \$5,445,161 was \$56,046 lower than the original and final budget.

Final appropriated expenditures of \$5,985,750 were \$20,000 lower than the amount in the original budget as \$20,000 was reallocated to advances out, resulting in no change to total appropriations. Actual expenditures of \$5,544,747 were \$441,003 lower than the final budget.

**Ashland County-West Holmes Joint Vocational School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
 (UNAUDITED)

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$5,194,991 invested in capital assets. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities	
	2012	2011
Land	\$ 50,000	\$ 50,000
Land Improvements	16,817	17,434
Buildings and Building Improvements	4,244,897	4,239,529
Infrastructure	10,127	11,148
Furniture and Fixtures	848,591	837,416
Vehicles	24,559	19,309
<i>Totals</i>	\$ 5,194,991	\$ 5,174,836

The \$20,155 increase in capital assets was attributable to additional purchases exceeding current year depreciation and disposals. See Note 6 for more information about the capital assets of the School District.

**Debt**

At June 30, 2012, the School District had \$790,311 in debt outstanding. See Note 7 for additional details. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2012	2011
OWDA Loan	\$ 0	\$ 33,441
Energy Conservation Bonds	790,311	869,264
<i>Total</i>	\$ 790,311	\$ 902,705

**Ashland County-West Holmes Joint Vocational School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(UNAUDITED)*

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***Current Issues***

The Ashland County-West Holmes Joint Vocational School District ended fiscal year 2012 in a strong financial position.

School districts are dependent upon property taxes and are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Voters renewed two tax levies in November 2012; a one-mill operating for three years and a one-half mill permanent improvement for five years. Both levies were set to expire in 2013.

State funding has remained stable due to Ashland Co. West Holmes JVSD being placed on a guarantee. No decisions are known on future funding as the current state budget runs through June 30, 2013. Future state budget decisions could have an adverse effect on our budget.

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

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

**Ashland County-West Holmes Joint Vocational School District**

*Statement of Net Assets*

*June 30, 2012*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,161,863
Cash and Cash Equivalents with Fiscal Agent	951,790
Receivables:	
Accounts	64,635
Intergovernmental	84,091
Property Taxes	2,946,665
Nondepreciable Capital Assets	50,000
Depreciable Capital Assets (Net)	<u>5,144,991</u>
<i>Total Assets</i>	<u>14,404,035</u>
<b>Liabilities</b>	
Accounts Payable	7,460
Accrued Wages and Benefits	460,201
Intergovernmental Payable	91,276
Accrued Vacation Leave Payable	82,595
Matured Compensated Absences Payable	3,848
Accrued Interest Payable	2,761
Claims Payable	61,368
Deferred Revenue	2,352,412
Long Term Liabilities:	
Due Within One Year	90,586
Due In More Than One Year	<u>1,075,547</u>
<i>Total Liabilities</i>	<u>4,228,054</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,404,680
Restricted For:	
Capital Outlay	362,192
Other Purposes	761,444
Unrestricted	<u>4,647,665</u>
<i>Total Net Assets</i>	<u>\$ 10,175,981</u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2012*

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 556,544	\$ 0	\$ 43,975	\$ (512,569)
Special	361,313	0	312,900	(48,413)
Vocational	2,925,476	108,434	87,285	(2,729,757)
Adult/Continuing	1,332,639	701,662	503,169	(127,808)
Student Intervention Services	3,418	0	0	(3,418)
Support Services:				
Pupils	178,729	0	54,329	(124,400)
Instructional Staff	152,775	0	50,228	(102,547)
Board of Education	72,567	0	0	(72,567)
Administration	784,619	2,043	3,154	(779,422)
Fiscal	423,245	0	0	(423,245)
Business	4,894	0	0	(4,894)
Operation and Maintenance of Plant	564,468	3,025	0	(561,443)
Pupil Transportation	15,197	0	0	(15,197)
Central	21,399	0	55,238	33,839
Operation of Non-Instructional Services:				
Food Service Operations	165,722	38,339	94,217	(33,166)
Community Services	2,969	225	0	(2,744)
Extracurricular Activities	25,431	0	0	(25,431)
Debt Service:				
Interest and Fiscal Charges	38,397	0	0	(38,397)
<b>Total</b>	<b>\$ 7,629,802</b>	<b>\$ 853,728</b>	<b>\$ 1,204,495</b>	<b>(5,571,579)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	1,947,380
Capital Outlay	305,025
Grants and Entitlements Not Restricted to Specific Programs	2,813,240
Investment Earnings	24,769
Miscellaneous	22,219

*Total General Revenues* 5,112,633

*Change in Net Assets* (458,946)

*Net Assets Beginning of Year* 10,634,927

*Net Assets End of Year* \$ 10,175,981

See accompanying notes to the basic financial statements.



**Ashland County-West Holmes Joint Vocational School District**

*Balance Sheet  
Governmental Funds  
June 30, 2012*

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,131,397	\$ 284,390	\$ 720,282	\$ 25,794	\$ 5,161,863
Receivables:					
Accounts	156	0	64,479	0	64,635
Interfund	45,339	0	0	0	45,339
Intergovernmental	0	0	0	84,091	84,091
Property Taxes	2,547,185	399,480	0	0	2,946,665
<i>Total Assets</i>	<u>\$ 6,724,077</u>	<u>\$ 683,870</u>	<u>\$ 784,761</u>	<u>\$ 109,885</u>	<u>\$ 8,302,593</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 4,005	\$ 0	\$ 3,455	\$ 0	\$ 7,460
Accrued Wages and Benefits	398,509	0	31,861	29,831	460,201
Intergovernmental Payable	73,857	0	7,966	9,453	91,276
Matured Compensated Absences Payable	0	0	3,848	0	3,848
Interfund Payable	0	0	0	45,339	45,339
Deferred Revenue	2,170,694	340,434	0	46,713	2,557,841
<i>Total Liabilities</i>	<u>2,647,065</u>	<u>340,434</u>	<u>47,130</u>	<u>131,336</u>	<u>3,165,965</u>
<b>Fund Balances</b>					
Restricted	0	343,436	737,631	15,488	1,096,555
Committed	125,742	0	0	0	125,742
Assigned	657,379	0	0	0	657,379
Unassigned	3,293,891	0	0	(36,939)	3,256,952
<i>Total Fund Balances</i>	<u>4,077,012</u>	<u>343,436</u>	<u>737,631</u>	<u>(21,451)</u>	<u>5,136,628</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,724,077</u>	<u>\$ 683,870</u>	<u>\$ 784,761</u>	<u>\$ 109,885</u>	<u>\$ 8,302,593</u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012*

<b>Total Governmental Fund Balances</b>		\$ 5,136,628
 <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.		5,194,991
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 158,716	
Intergovernmental	<u>46,713</u>	
Total		205,429
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		890,422
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(2,761)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Bonds	(790,311)	
Accrued Vacation Leave Payable	(82,595)	
Compensated Absences	<u>(375,822)</u>	
Total		<u>(1,248,728)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 10,175,981</u></u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 1,981,153	\$ 310,390	\$ 0	\$ 0	\$ 2,291,543
Intergovernmental	2,933,016	93,430	430,214	529,968	3,986,628
Investment Income	7,616	294	2,500	9	10,419
Tuition and Fees	69,137	0	701,663	0	770,800
Rentals	3,025	0	0	0	3,025
Charges for Services	41,341	0	0	38,339	79,680
Contributions and Donations	348	0	627	0	975
Miscellaneous	19,590	0	1,176	0	20,766
<i>Total Revenues</i>	<u>5,055,226</u>	<u>404,114</u>	<u>1,136,180</u>	<u>568,316</u>	<u>7,163,836</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	457,565	8,544	0	42,991	509,100
Special	243,051	7,530	0	100,079	350,660
Vocational	2,781,091	0	0	88,519	2,869,610
Student Intervention Services	3,418	0	0	0	3,418
Adult/Continuing	51,840	0	1,204,190	72,732	1,328,762
Support Services:					
Pupils	124,521	1,259	0	54,414	180,194
Instructional Staff	113,246	232	0	38,402	151,880
Board of Education	72,567	0	0	0	72,567
Administration	746,539	5,789	0	3,159	755,487
Fiscal	422,026	11,681	0	0	433,707
Business	4,894	0	0	0	4,894
Operation and Maintenance of Plant	477,444	50,850	0	0	528,294
Pupil Transportation	11,912	7,000	0	0	18,912
Central	16,007	0	0	5,392	21,399
Extracurricular Activities	25,431	0	0	0	25,431
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	163,808	163,808
Community Services	435	0	0	0	435
Capital Outlay	0	77,767	0	0	77,767
Debt Service:					
Principal Retirement	0	112,394	0	0	112,394
Interest and Fiscal Charges	0	37,206	0	0	37,206
<i>Total Expenditures</i>	<u>5,551,987</u>	<u>320,252</u>	<u>1,204,190</u>	<u>569,496</u>	<u>7,645,925</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(496,761)</u>	<u>83,862</u>	<u>(68,010)</u>	<u>(1,180)</u>	<u>(482,089)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	25,000	25,000
Transfers Out	(25,000)	0	0	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(521,761)	83,862	(68,010)	23,820	(482,089)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,598,773</u>	<u>259,574</u>	<u>805,641</u>	<u>(45,271)</u>	<u>5,618,717</u>
<i>Fund Balances(Deficit) End of Year</i>	<u>\$ 4,077,012</u>	<u>\$ 343,436</u>	<u>\$ 737,631</u>	<u>\$ (21,451)</u>	<u>\$ 5,136,628</u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

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**Net Change in Fund Balances - Total Governmental Funds** \$ (482,089)

*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 estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions	\$ 354,675	
Current Year Depreciation	<u>(329,618)</u>	25,057

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (4,902)

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

Property Taxes	27,557	
Intergovernmental	<u>(39,139)</u>	(11,582)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 112,394

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued. 258

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (71,869)

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.

Compensated Absences	(31,373)	
Accrued Vacation Payable	<u>5,160</u>	<u>(26,213)</u>

*Change in Net Assets of Governmental Activities* \$ (458,946)

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 2,396,027	\$ 2,396,027	\$ 2,413,987	\$ 17,960
Intergovernmental	2,940,926	2,940,926	2,933,016	(7,910)
Investment Income	10,000	10,000	7,616	(2,384)
Tuition and Fees	14,300	14,300	27,795	13,495
Rentals	3,025	3,025	3,025	0
Charges for Services	118,100	118,100	38,620	(79,480)
Contributions and Donations	320	320	38	(282)
Miscellaneous	18,509	18,509	21,064	2,555
<i>Total Revenues</i>	<u>5,501,207</u>	<u>5,501,207</u>	<u>5,445,161</u>	<u>(56,046)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	540,030	519,468	481,196	38,272
Special	269,183	258,934	239,857	19,077
Vocational	2,858,888	2,958,705	2,740,721	217,984
Student Intervention Services	5,358	5,154	4,774	380
Adult/Continuing	58,124	55,911	51,792	4,119
Support Services:				
Pupils	139,355	134,049	124,173	9,876
Instructional Staff	125,372	120,598	111,713	8,885
Board of Education	92,523	89,000	82,443	6,557
Administration	831,636	799,971	741,033	58,938
Fiscal	474,847	456,768	423,115	33,653
Business	5,404	5,198	4,815	383
Operation and Maintenance of Plant	545,336	524,572	485,924	38,648
Pupil Transportation	13,680	13,160	12,190	970
Central	17,231	16,575	15,354	1,221
Extracurricular Activities	28,783	27,687	25,647	2,040
<i>Total Expenditures</i>	<u>6,005,750</u>	<u>5,985,750</u>	<u>5,544,747</u>	<u>441,003</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(504,543)</u>	<u>(484,543)</u>	<u>(99,586)</u>	<u>384,957</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	500	500	0	(500)
Refund of Prior Year Expenditures	15,000	15,000	476	(14,524)
Advances In	119,823	119,823	96,372	(23,451)
Transfers In	7,000	7,000	0	(7,000)
Advances Out	0	(20,000)	0	20,000
Transfers Out	(45,250)	(45,250)	(45,250)	0
<i>Total Other Financing Sources (Uses)</i>	<u>97,073</u>	<u>77,073</u>	<u>51,598</u>	<u>(25,475)</u>
<i>Net Change in Fund Balance</i>	<u>(407,470)</u>	<u>(407,470)</u>	<u>(47,988)</u>	<u>359,482</u>
<i>Fund Balance Beginning of Year</i>	<u>4,020,096</u>	<u>4,020,096</u>	<u>4,020,096</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,612,626</u>	<u>\$ 3,612,626</u>	<u>\$ 3,972,108</u>	<u>\$ 359,482</u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*Adult Education*  
*For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 454,005	\$ 454,005	\$ 430,214	\$ (23,791)
Tuition and Fees	684,864	684,864	648,975	(35,889)
Contributions and Donations	662	662	627	(35)
Miscellaneous	919	919	871	(48)
<i>Total Revenues</i>	<u>1,140,450</u>	<u>1,140,450</u>	<u>1,080,687</u>	<u>(59,763)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	1,658,226	1,658,226	1,215,191	443,035
<i>Excess of Revenues Under Expenditures</i>	<u>(517,776)</u>	<u>(517,776)</u>	<u>(134,504)</u>	<u>383,272</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	0	0	364	364
Transfers In	653,050	653,050	0	(653,050)
Transfers Out	(250,244)	(250,244)	0	250,244
<i>Total Other Financing Sources (Uses)</i>	<u>402,806</u>	<u>402,806</u>	<u>364</u>	<u>(402,442)</u>
<i>Net Change in Fund Balance</i>	(114,970)	(114,970)	(134,140)	(19,170)
<i>Fund Balance Beginning of Year</i>	822,959	822,959	822,959	0
Prior Year Encumbrances Appropriated	8,550	8,550	8,550	0
<i>Fund Balance End of Year</i>	<u>\$ 716,539</u>	<u>\$ 716,539</u>	<u>\$ 697,369</u>	<u>\$ (19,170)</u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2012*

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	Governmental Activities - Internal Service Fund
	<u>                    </u>
<b>Assets</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	<u>\$          951,790</u>
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Claims Payable	<u>                  61,368</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$          890,422</u></u>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2012*

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenue</b>	
Charges for Services	\$ 919,899
<b>Operating Expenses</b>	
Purchased Services	309,704
Claims	<u>699,217</u>
<i>Total Operating Expenses</i>	<u>1,008,921</u>
<i>Operating Loss</i>	<u>(89,022)</u>
<b>Non-Operating Revenues</b>	
Interest	<u>17,153</u>
<i>Change in Net Assets</i>	(71,869)
<i>Net Assets Beginning of Year</i>	<u>962,291</u>
<i>Net Assets End of Year</i>	<u><u>\$ 890,422</u></u>

See accompanying notes to the basic financial statements.



**Ashland County-West Holmes Joint Vocational School District**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2012*

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	Governmental Activities - Internal Service Fund
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 919,899
Cash Paid for Goods and Services	(309,704)
Cash Paid for Claims	(661,179)
	<hr/>
<i>Net Cash Used For Operating Activities</i>	<i>(50,984)</i>
	<hr/>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	17,153
	<hr/>
<i>Net Decrease in Cash and Cash Equivalents</i>	<i>(33,831)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>985,621</i>
	<hr/>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$ 951,790</i>
	<hr/> <hr/>
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</b>	
Operating Loss	\$ (89,022)
Adjustments:	
Increase in Claims Payable	38,038
	<hr/>
<i>Net Cash Used For Operating Activities</i>	<i>\$ (50,984)</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2012*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 28,220	\$ 28,966
<b>Liabilities</b>		
Due to Students	0	\$ 28,966
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$ 28,220</u>	

See accompanying notes to the basic financial statements.

**Ashland County-West Holmes Joint Vocational School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2012*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$ 250
Miscellaneous	273
Investment Earnings	26
<i>Total Additions</i>	549
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	3,349
<i>Change in Net Assets</i>	(2,800)
<i>Net Assets Beginning of Year</i>	31,020
<i>Net Assets End of Year</i>	\$ 28,220

See accompanying notes to the basic financial statements.

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## Ashland County-West Holmes Joint Vocational School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 1 – Description of the School District and Reporting Entity**

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

#### ***Reporting Entity***

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

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

The School District is associated with the Tri-County Computer Services Association (TCCSA) which is defined as a jointly governed organization. This organization is presented in Note 14 to the basic financial statements. The School District also participates in a claims servicing pool, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan, which is presented in Note 15.

### **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) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District’s accounting policies.

#### ***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.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

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

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

**B. Fund Accounting**

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

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

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

**Permanent Improvement Fund** – The permanent improvement capital projects fund receives property taxes for acquisition, construction or improvement of capital facilities and purchase textbooks and other instructional materials.

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

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

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

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

**C. Measurement Focus**

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

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

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

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

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2012*

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***D. Basis of Accounting***

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue.

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

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



**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2012*

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***E. Budgetary Data***

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

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

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

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

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

During fiscal year 2012, investments were limited to STAROhio, a repurchase agreement and a money market account.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$7,616, which includes \$2,179 assigned from other School District funds.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

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

***G. Capital Assets***

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

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

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

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

***H. Interfund Balances***

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

***I. Compensated Absences***

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

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

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

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

***J. Accrued Liabilities and Long-Term Obligations***

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

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

***K. Interfund Activity***

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

***L. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities and grants. At June 30, 2012, none of the School District's net assets were restricted by enabling legislation.

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

***N. Operating Revenues and Expenses***

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

***P. 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.

**Note 3 – Fund Deficits**

GAAP basis fund balances at June 30, 2012 included the following individual fund deficits:

	<u>Deficit</u>
<b><i>Nonmajor Special Revenue Funds:</i></b>	
Adult Basic Literacy	\$ 9,068
Career Development	104
Vocational Education Planning Development	26,900
Title II	867

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**Note 4 - Budgetary Basis of Accounting**

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

- 1) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures (budget basis) rather than as restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as accounts payable (GAAP basis).
- 4) Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the adult education fund:

	General	Adult Education
GAAP Basis	\$ (521,761)	\$ (68,010)
Net Adjustments for Revenue Accruals	531,922	(55,129)
Net Adjustment for Expenditure Accruals	(87,868)	(31,413)
Funds Budgeted Elsewhere*	(24,340)	0
Adjustment for Encumbrances	54,059	20,412
Budgetary Basis	\$ (47,988)	\$ (134,140)

\* As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definition*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes Staman trust fund, uniform school supplies, public school support and termination benefits funds.

**Note 5 – Deposits and Investments**

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

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

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

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

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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Interim monies are to be deposited or invested in the following securities:

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

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

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

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2012, the School District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

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

At fiscal year-end, the carrying amount of the School District's deposits was \$3,840,906. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2012, \$4,856,918 of the School District's bank balance of \$5,198,934 was exposed to custodial risk as discussed above and \$342,016 of the bank balance was covered by the Federal Deposit Insurance Corporation.

***Funds Held by Fiscal Agent***

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$951,790. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

***Investments***

As of June 30, 2012, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity 3 Months or Less
STAROhio	\$ 41,703	\$ 41,703
Repurchase Agreements	1,336,440	1,336,440
Total	\$ 1,378,143	\$ 1,378,143



**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

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

**Credit Risk.** The School District's investments in the federal agency securities that underlie the School District's repurchase agreements were rated Aaa by Moody's Investor Services. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days and carries a rating of AAAM by Standard and Poor's.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 41,703	3.03%
Repurchase Agreements	<u>1,336,440</u>	<u>96.97%</u>
Total	<u>\$ 1,378,143</u>	<u>100.00%</u>

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2012

**Note 6 – Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 50,000	\$ 0	\$ 0	\$ 50,000
<i>Total Capital Assets not being depreciated</i>	50,000	0	0	50,000
<i>Capital Assets being depreciated</i>				
Land Improvements	149,951	0	0	149,951
Buildings and Building Improvements	8,482,918	176,712	0	8,659,630
Infrastructure	51,056	0	0	51,056
Furniture and Equipment	2,570,076	170,963	(110,574)	2,630,465
Vehicles	27,531	7,000	(4,500)	30,031
<i>Total Capital Assets being depreciated</i>	11,281,532	354,675	(115,074)	11,521,133
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(132,517)	(617)	0	(133,134)
Buildings and Building Improvements	(4,243,389)	(171,344)	0	(4,414,733)
Infrastructure	(39,908)	(1,021)	0	(40,929)
Furniture and Equipment	(1,732,660)	(154,886)	105,672	(1,781,874)
Vehicles	(8,222)	(1,750)	4,500	(5,472)
<i>Total Accumulated Depreciation</i>	(6,156,696)	(329,618) *	110,172	(6,376,142)
<i>Total Capital Assets being depreciated, net</i>	5,124,836	25,057	(4,902)	5,144,991
<i>Governmental Activities Capital Assets, Net</i>	\$ 5,174,836	\$ 25,057	\$ (4,902)	\$ 5,194,991

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2012

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 40,850
Special	1,519
Vocational	223,565
Adult/Continuing	11,382
Support Services:	
Pupils	281
Administration	11,344
Fiscal	292
Operation and Maintenance of Plant	33,430
Pupil Transportation	1,750
Food Service Operations	5,205
<i>Total Depreciation Expense</i>	<i>\$ 329,618</i>

**Note 7 - Long-Term Obligations**

During 2002, the School District entered into a loan agreement with the Ohio Water Development Authority for mandated construction of a water reservoir. The total amount of the loan was \$306,264. The loan was paid off during fiscal year 2012.

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

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

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

	Outstanding July 1, 2011	Additions	Reductions	Outstanding June 30, 2012	Due Within One Year
OWDA Loan, 2% interest rate, due 7/01/2012	\$ 33,441	\$ 0	\$ (33,441)	\$ 0	\$ 0
HB264, Energy Conservation Improvement Bond, 4% interest rate, due 7/15/2020	361,482	0	(32,978)	328,504	34,317
HB264, Energy Conservation Improvement Bond, 4.67% interest rate, due 7/1/2020	507,782	0	(45,975)	461,807	48,169
Compensated Absences	344,449	41,148	(9,775)	375,822	8,100
Total	<u>\$ 1,247,154</u>	<u>\$ 41,148</u>	<u>\$ (122,169)</u>	<u>\$ 1,166,133</u>	<u>\$ 90,586</u>

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2012, are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2013	\$ 82,486	\$ 33,180
2014	86,177	29,488
2015	90,035	24,441
2016	94,066	21,599
2017	98,281	17,386
2018-2021	339,266	25,071
	<u>\$ 790,311</u>	<u>\$ 151,165</u>

**Note 8 - 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 and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 semiannually, 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 year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

The School District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox and Coshocton Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012 was \$376,491 in the general fund and \$59,046 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2011, was \$809,325 in the general fund and \$127,097 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,029,994,980	78.49%	\$ 1,261,448,540	78.72%
Commercial Industrial	196,483,400	14.97%	231,110,740	14.42%
Public Utility	85,765,640	6.54%	109,829,420	6.86%
<b>Total Assessed Value</b>	<b>\$ 1,312,244,020</b>	<b>100.00%</b>	<b>\$ 1,602,388,700</b>	<b>100.00%</b>

**Note 9 – Defined Benefit Pension Plans**

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

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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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 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 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to 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 and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$133,336, \$107,248 and \$111,959, respectively; 91 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

***B. State Teachers Retirement System of Ohio***

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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For fiscal year 2012, 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$443,113, \$442,105 and \$440,703, respectively; 100 percent has been contributed for each fiscal year. Contributions to the DC and Combined Plans for fiscal year 2012 were \$16,973 made by the School District and \$12,124 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, 2012, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 10 - Postemployment Benefits**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 105(e). For 2012, .55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2012*

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Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$18,439, \$25,628, and \$19,672, respectively; 91 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,905, \$6,902, and \$6,658, respectively; 91 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

***B. State Teachers Retirement System of Ohio***

**Plan Description** - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, 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, 2012, 2011, and 2010 were \$34,086, \$34,008, and \$33,900, respectively; 100 percent has been contributed for each fiscal year.



**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2012

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**Note 11 - Interfund Activity**

**A. Interfund Balances**

Interfund balances at June 30, 2012 consist of the following:

	Interfund Receivable	Interfund Payable
General	\$ 45,339	\$ 0
<i>Nonmajor Governmental Funds:</i>		
Career Education	0	850
Adult Basic Literacy	0	15,193
Vocational Education	0	29,296
Total	\$ 45,339	\$ 45,339

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid in fiscal year 2013 once the anticipated revenues are received.

**B. Interfund Transfers**

During the fiscal year, the general fund transferred \$25,000 to the food service fund to provide additional resources for current operations.

**Note 12 – 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 acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

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

	<u>Capital Acquisition</u>
Set Aside Restricted Balance as of June 30, 2011	\$ 0
Current Year Set Aside Requirement	52,107
Current Year Offsets	<u>(235,935)</u>
Totals	<u>\$ (183,828)</u>
Balance Carried Forward to Fiscal Year 2013	<u>\$ 0</u>
Set Aside Reserve Balance June 30, 2012	<u>\$ 0</u>

Although the School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 13 - Risk Management**

***A. General Insurance***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately \$26,000,000. The School District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible for automobiles and \$1,000 deductible for buses. All board members, administrators, and employees are covered under a School District liability policy.

Additionally, the School District carries a \$2,000,000 Educational Liability Policy. The limits of this coverage are \$2,000,000 per occurrence and \$4,000,000 in aggregate. An Excess Liability policy of \$10,000,000 brings total liability coverage to \$12,000,000. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

***B. Fidelity Bond***

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

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2012

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**C. Workers' Compensation**

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

**D. Employee Health Insurance**

The School District is self-insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee.

The claims liability of \$61,368 reported in the internal service fund at June 30, 2012 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2011 and 2012 are listed below:

		Balance at Beginning of Year	Claims	Payments	Balance at end of Year
2012	\$	23,330	\$ 699,217	\$ 661,179	\$ 61,368
2011	\$	69,124	\$ 539,192	\$ 584,986	\$ 23,330

**Note 14 - Jointly Governed Organization**

**Tri-County Computer Services Association (TCCSA)** - The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. The Ashland County-West Holmes Joint Vocational School District paid \$21,803 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2012 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

**Ashland County-West Holmes Joint Vocational School District**

*Notes to the Basic Financial Statements (Continued)*

*For the Fiscal Year Ended June 30, 2012*

**Note 15 – Claims Servicing Pool**

**Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (OME-RESA)** – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan’s business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA’s assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Ashland County-West Holmes Joint Vocational School District paid \$25,886 to OME-RESA during fiscal year 2012 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

**Note 16 - Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total
Restricted for:					
Capital Projects	\$ 0	\$ 343,436	\$ 0	\$ 0	\$ 343,436
Adult Education	0	0	737,631	0	737,631
Other Purposes	0	0	0	15,488	15,488
<b>Total Restricted</b>	0	343,436	737,631	15,488	1,096,555
Committed for:					
Termination Payments	125,742	0	0	0	125,742
Assigned for:					
Encumbrances:					
Instruction	28,389	0	0	0	28,389
Support Services	22,136	0	0	0	22,136
Excurricular	280	0	0	0	280
Subsequent Year Appropriations	606,574	0	0	0	606,574
<b>Total Assigned</b>	657,379	0	0	0	657,379
Unassigned	3,293,891	0	0	(36,939)	3,256,952
<b>Total Fund Balance</b>	\$ 4,077,012	\$ 343,436	\$ 737,631	\$ (21,451)	\$ 5,136,628

**Ashland County-West Holmes Joint Vocational School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2012*

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**Note 17 - Contingencies**

***A. Review of Statewide Attendance Data***

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

***B. Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

***C. Litigation***

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program	2012	10.553	\$23,229		\$23,229	
National School Lunch Program	2012	10.555	62,626	\$5,388	62,626	\$5,388
Total Child Nutrition Cluster/U.S. Department of Agriculture			<u>85,855</u>	<u>5,388</u>	<u>85,855</u>	<u>5,388</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Direct Program:</i>						
Student Financial Aid Cluster						
Federal Supplemental Educational Opportunity Grants	N/A	84.007	4,988		4,988	
Federal Family Education Loans	N/A	84.032	243,315		243,315	
Federal Pell Grant Program	N/A	84.063	312,727		312,727	
Total Student Financial Aid Cluster			561,030		561,030	
Rural Education	S358A096720	84.358A	36,029		36,029	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education_State Grant Program						
	2011	84.002	38,076		38,076	
Vocational Education_Basic Grants to States						
	2011	84.048	14,819		20,582	
	2012		151,464		172,911	
	2012		50,761		58,606	
Total Vocational Education_Basic Grants to States			<u>217,044</u>		<u>252,099</u>	
Improving Teacher Quality State Grants	2012	84.367	1,395		1,395	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act						
	2012	84.395	1,050		1,050	
Total U.S. Department of Education			<u>854,624</u>		<u>889,679</u>	
<b>Totals</b>			<u><b>\$940,479</b></u>	<u><b>\$5,388</b></u>	<u><b>\$975,534</b></u>	<u><b>\$5,388</b></u>

*The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.*

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Ashland County-West Holmes Joint Vocational School District's (the 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.





# 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

Ashland County-West Holmes Joint Vocational School District  
Ashland County  
1783 State Route 60  
Ashland, Ohio 44805

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. 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 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 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 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 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*.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and others within the 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, flowing style.

**Dave Yost**  
Auditor of State

January 4, 2013



# 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

Ashland County-West Holmes Joint Vocational School District  
Ashland County  
1783 State Route 60  
Ashland, Ohio 44805

To the Board of Education:

### Compliance

We have audited the compliance of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 District's compliance with these 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 District's compliance with these requirements.

In our opinion, the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

### Internal Control Over Compliance

The 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 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 District's internal control over compliance.

*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 federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 4, 2013.

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



**Dave Yost**  
Auditor of State

January 4, 2013

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Student Financial Aid Cluster: CFDA 84.007 – Federal Supplemental Educational Opportunity Grants; CFDA 84.032 – Federal Family Education Loans; and CFDA 84.063 – Federal Pell Grant Program.
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

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

None

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# Dave Yost • Auditor of State

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

**ASHLAND COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 24, 2013**