

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
ASHLAND COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2014**



**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 AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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 Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Adult Education funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 5, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The management's discussion and analysis of the Ashland County-West Holmes Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$581,175 which represents a 5.78% increase from 2013.
- General revenues accounted for \$5,598,891 in revenue or 72.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,088,407 or 27.17% of total revenues of \$7,687,298.
- The District had \$7,106,123 in expenses related to governmental activities; \$2,088,407 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,598,891 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, permanent improvement fund and the adult education fund. The general fund had \$5,649,125 in revenues and other financing sources and \$5,475,113 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$174,012 from a balance of \$4,326,092 to \$4,500,104.
- The permanent improvement fund had \$483,726 in revenues and \$289,480 in expenditures. During fiscal year 2014, the permanent improvement fund's fund balance increased \$194,246 from \$504,815 to \$699,061.
- The adult education fund had \$1,109,552 in revenues and other financing sources and \$1,076,209 in expenditures. During fiscal year 2014, the adult education fund's fund balance increased \$33,343 from \$731,774 to \$765,117.

**Using these Basic Financial Statements**

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, permanent improvement fund and the adult education fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the permanent improvement fund and the adult education fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the 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 position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-55 of this report.

***The District as a Whole***

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2014 and June 30, 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 9,558,197	\$ 9,308,808
Capital assets, net	<u>4,912,737</u>	<u>4,784,070</u>
Total assets	<u>14,470,934</u>	<u>14,092,878</u>
<b><u>Liabilities</u></b>		
Current liabilities	641,109	702,621
Long-term liabilities	<u>1,066,418</u>	<u>1,141,831</u>
Total liabilities	<u>1,707,527</u>	<u>1,844,452</u>
<b>Deferred Inflows of Resources</b>	<u>2,130,570</u>	<u>2,196,764</u>
Total liabilities and deferred inflows of resources	<u>3,838,097</u>	<u>4,041,216</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	4,229,623	4,076,266
Restricted	1,503,382	1,249,680
Unrestricted	<u>4,899,832</u>	<u>4,725,716</u>
Total net position	<u>\$ 10,632,837</u>	<u>\$ 10,051,662</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$10,632,837. Of this total, \$1,503,382 is restricted in use.

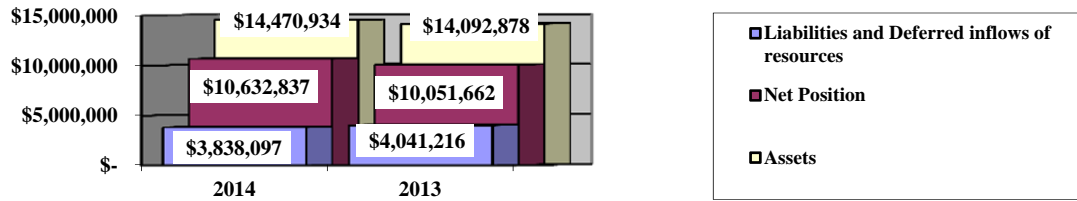
At year-end, capital assets represented 33.95% of total assets. Capital assets include land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2014, was \$4,229,623. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$1,503,382, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$4,899,832 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Governmental Activities**



The table below shows the change in net position for fiscal year 2014 and 2013.

**Change in Net Position**

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 985,481	\$ 981,009
Operating grants and contributions	1,096,428	1,217,150
Capital grants and contributions	6,498	-
General revenues:		
Property taxes	2,987,192	2,890,830
Grants and entitlements	2,582,606	2,656,954
Investment earnings	14,878	18,048
Other	<u>14,215</u>	<u>39,622</u>
Total revenues	<u>7,687,298</u>	<u>7,803,613</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Change in Net Position**

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	526,226	568,123
Special	388,842	351,010
Vocational	2,492,068	2,949,500
Adult/continuing	1,189,533	1,453,484
Student intervention services	16,375	559
Support services:		
Pupil	145,625	155,287
Instructional staff	61,928	105,005
Board of education	84,730	100,036
Administration	719,784	768,449
Fiscal	391,864	392,975
Business	3,012	2,779
Operations and maintenance of plant	647,839	645,883
Pupil transportation	12,901	22,940
Central	98,504	114,602
Operations of non-instructional services:		
Other non-instructional services	145,216	104,334
Food service operations	131,934	134,435
Extracurricular activities	18,862	25,566
Interest and fiscal charges	<u>30,880</u>	<u>32,965</u>
Total expenses	<u>7,106,123</u>	<u>7,927,932</u>
Change in net position	581,175	(124,319)
Net position at beginning of year	<u>10,051,662</u>	<u>10,175,981</u>
Net position at end of year	<u>\$ 10,632,837</u>	<u>\$ 10,051,662</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$581,175. Total governmental expenses of \$7,106,123 were offset by program revenues of \$2,088,407 and general revenues of \$5,598,891. Program revenues supported 29.39% of the total governmental expenses.

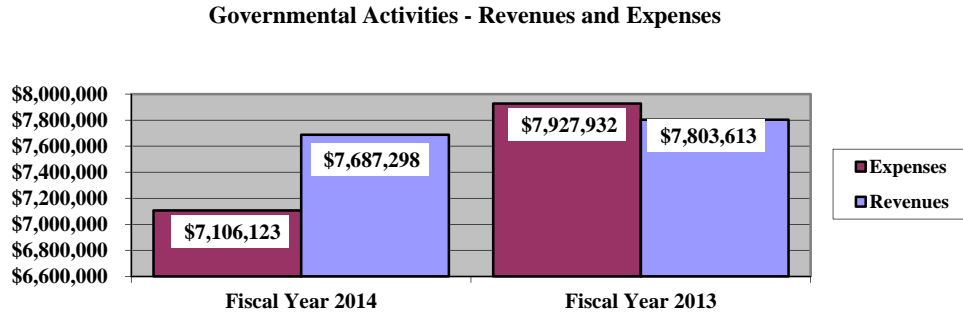
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 72.45% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,613,044 or 64.92% of total governmental expenses for fiscal year 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014 and 2013.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<b>Program expenses</b>				
Instruction:				
Regular	526,226	468,462	568,123	\$ 518,851
Special	388,842	96,558	351,010	59,184
Vocational	2,492,068	2,152,924	2,949,500	2,631,561
Adult/continuing	1,189,533	6,560	1,453,484	84,597
Student intervention services	16,375	16,375	559	559
Support services:				
Pupil	145,625	118,605	155,287	136,590
Instructional staff	61,928	53,111	105,005	81,808
Board of education	84,730	84,730	100,036	100,036
Administration	719,784	700,791	768,449	757,556
Fiscal	391,864	391,864	392,975	392,975
Business	3,012	3,012	2,779	2,779
Operations and maintenance of plant	647,839	644,814	645,883	642,858
Pupil transportation	12,901	12,901	22,940	22,940
Central	98,504	78,009	114,602	108,834
Operations of non-instructional services:				
Other non-instructional services	145,216	145,216	104,334	103,823
Food service operations	131,934	(5,958)	134,435	26,291
Extracurricular activities	18,862	18,862	25,566	25,566
Interest and fiscal charges	30,880	30,880	32,965	32,965
<b>Total expenses</b>	<u>\$ 7,106,123</u>	<u>\$ 5,017,716</u>	<u>\$ 7,927,932</u>	<u>\$ 5,729,773</u>

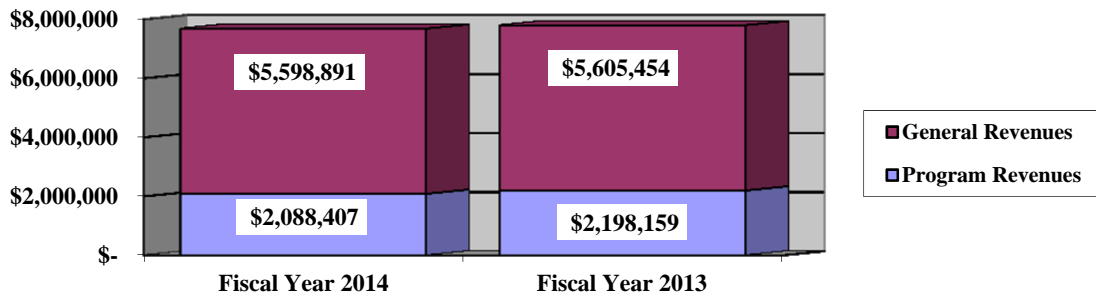
**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 59.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.61%. The District's taxpayers and State funding are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2014 and 2013.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$6,012,032, which is higher than last year's total of \$5,600,392. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 4,500,104	\$ 4,326,092	\$ 174,012	4.02 %
Permanent Improvement	699,061	504,815	194,246	38.48 %
Adult Education	765,117	731,774	33,343	4.56 %
Other Governmental	<u>47,750</u>	<u>37,711</u>	<u>10,039</u>	26.62 %
Total	<u>\$ 6,012,032</u>	<u>\$ 5,600,392</u>	<u>\$ 411,640</u>	7.35 %



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**General Fund**

The District's general fund balance increased \$174,012 or 4.02%.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,574,511	\$ 2,502,411	\$ 72,100	2.88 %
Intergovernmental	2,739,613	2,852,269	(112,656)	(3.95) %
Investment income	11,759	11,486	273	2.38 %
Tuition and fees	214,970	52,682	162,288	308.05 %
Charges for services	39,474	130,384	(90,910)	(69.72) %
Other revenues	<u>17,240</u>	<u>42,647</u>	<u>(25,407)</u>	<u>(59.58) %</u>
Total	<u>\$ 5,597,567</u>	<u>\$ 5,591,879</u>	<u>\$ 5,688</u>	<u>0.10 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 3,328,489	\$ 3,280,317	\$ 48,172	1.47 %
Support services	1,929,133	1,904,938	24,195	1.27 %
Operation of non-instructional services	145,216	103,758	41,458	39.96 %
Capital outlay	51,558	-	51,558	100.00 %
Extracurricular activities	18,862	25,566	(6,704)	(26.22) %
Debt service	<u>1,855</u>	<u>-</u>	<u>1,855</u>	<u>100.00 %</u>
Total	<u>\$ 5,475,113</u>	<u>\$ 5,314,579</u>	<u>\$ 160,534</u>	<u>3.02 %</u>

The District's general fund balance remained relatively stable, with an increase in fund balance of \$174,012 or 4.02%. Tuition and fees increased \$162,288 or 308.05% due to revenues being classified as intergovernmental revenues in prior years not being classified as tuition revenue. Charges for services revenue decreased \$90,910 or 69.72% due mainly to a decrease in customer service receipts relating to a modular home project. Other revenues decreased \$25,407 or 59.58% due mainly to a decrease in contributions and donations and other miscellaneous revenue received by the District. Operation of non-instructional services increased \$41,458 due to reclassifications of expenditures in the special revenue funds included in the general fund from prior year's classification used for GAAP reporting. Capital outlay and debt service expenditures increased \$51,558 and \$1,855, respectively, due to the District entering into a capital lease for copier equipment during fiscal year 2014. All other revenues and expenditures remain comparable to the prior year.

**Permanent Improvement Fund**

The permanent improvement fund had \$483,726 in revenues and \$289,480 in expenditures. During fiscal year 2014, the permanent improvement fund's fund balance increased \$194,246 from \$504,815 to \$699,061.

**Adult Education Fund**

The adult education fund had \$1,109,552 in revenues and other financing sources and \$1,076,209 in expenditures. During fiscal year 2014, the adult education fund's fund balance increased \$33,343 from \$731,774 to \$765,117.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

***General Fund Budgeting Highlights***

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

For the general fund, original budgeted revenues and other financing sources were \$5,205,416 and final budgeted revenues and other financing sources were \$5,455,416. Actual revenues and other financing sources for fiscal year 2014 were \$5,457,203. This represents an \$1,787 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,086,312 were \$400,000 more than the final appropriated budget of \$5,686,312. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$5,390,122, which was \$296,190 less than the final budget appropriations, due to controls on spending.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, the District had \$4,912,737 invested in land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2014 balances compared to 2013:

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

	Governmental Activities	
	2014	2013
Land	\$ 50,000	\$ 50,000
Land improvements	23,241	16,200
Buildings and building improvements	4,007,826	4,135,253
Infrastructure	8,085	9,106
Furniture and fixtures	810,534	559,060
Vehicles	13,051	14,451
Total	\$ 4,912,737	\$ 4,784,070

The overall increase in capital assets of \$128,667 is due to capital outlays of \$399,045 exceeding depreciation expense of \$270,378 in the fiscal year. See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2014, the District had \$621,626 in energy conservation improvement bonds and \$61,488 in capital lease obligations outstanding. Of this total, \$102,037 is due within one year and \$581,077 is due in more than one year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

The following table summarizes the outstanding debt at year end.

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
Energy conservation bonds	\$ 621,626	\$ 707,804
Capital lease obligations	<u>61,488</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 683,114</u></b>	<b><u>\$ 707,804</u></b>

See Note 10 to the basic financial statements for additional information on the District's long-term obligations.

**Current Financial Related Activities**

The District is fiscally sound and ended the fiscal year 2014 in a strong financial position. However, it is a fact that school districts face many financial challenges. The first challenge is that although the District had the resources necessary to meet operating expenses in fiscal year 2014, primarily due to closely monitoring expenditures, it will be critical that the District's management continues to operate the District within its financial means, in order to avoid operating deficits. According to the District's current five-year forecast, in fiscal year 2018 the District will experience an operating deficit if revenues do not increase. District management is currently evaluating revenue options and cuts in expenditures that will provide a balance for a financially stable District, students that are receiving the services they deserve and taxpayers that are willing to support the needs of both.

Noteworthy, however, is the fact that school districts are heavily dependent upon property taxes and have been stunted by a lack of revenue growth and must regularly return to the voters to maintain a constant revenue stream and in turn a constant level of service to the District's stakeholders, its students. In light of this fact, the voters of the District will be asked to renew a one mill operating levy during the 2015 calendar year as the levy will expire in calendar year 2015. With the passage of the renewal, the District will realize stability within its local revenue support.

State foundational funding has remained stable to the District as the District has been placed on a funding guarantee through fiscal year 2015. Beyond this timeline, decisions by the legislature in regards to State budget could have an adverse effect in revenue collection in this area. The District's management is evaluating options through program offerings that could potentially offer higher levels of foundational funding that would allow the District to maintain the same level of funding received currently and in recent school years.

The District's management must continue to provide the resources necessary to meet student needs while diligently planning expenses and staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently. Additional revenues ideally are not to be treated as a windfall to expand programs but as an opportunity to extend the life of the five-year plan.

**Contacting the District's Financial Management**

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

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

**STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 5,882,443
Cash with fiscal agent . . . . .	706,516
Receivables:	
Property taxes . . . . .	2,858,452
Accounts. . . . .	5,332
Intergovernmental . . . . .	47,275
Prepayments . . . . .	35,935
Materials and supplies inventory. . . . .	22,244
Capital assets:	
Nondepreciable capital assets . . . . .	50,000
Depreciable capital assets, net. . . . .	4,862,737
Capital assets, net . . . . .	4,912,737
Total assets. . . . .	14,470,934
<b>Liabilities:</b>	
Accounts payable. . . . .	3,126
Accrued wages and benefits payable . . . . .	447,225
Pension obligation payable. . . . .	71,375
Intergovernmental payable . . . . .	22,709
Unearned revenue . . . . .	100
Accrued interest payable . . . . .	3,590
Claims payable. . . . .	92,984
Long-term liabilities:	
Due within one year. . . . .	177,699
Due in more than one year. . . . .	888,719
Total liabilities . . . . .	1,707,527
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	2,130,570
<b>Net position:</b>	
Net investment in capital assets . . . . .	4,229,623
Restricted for:	
Capital projects . . . . .	721,392
State funded programs. . . . .	7,206
Federally funded programs . . . . .	16,901
Other purposes . . . . .	757,883
Unrestricted. . . . .	4,899,832
Total net position . . . . .	\$ 10,632,837

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 526,226	\$ 6,837	\$ 50,927	\$ -	\$ (468,462)
Special . . . . .	388,842	-	292,284	-	(96,558)
Vocational . . . . .	2,492,068	247,607	85,039	6,498	(2,152,924)
Adult/continuing. . . . .	1,189,533	661,917	521,056	-	(6,560)
Other . . . . .	16,375	-	-	-	(16,375)
Support services:					
Pupil. . . . .	145,625	140	26,880	-	(118,605)
Instructional staff . . . . .	61,928	-	8,817	-	(53,111)
Board of education . . . . .	84,730	-	-	-	(84,730)
Administration. . . . .	719,784	10,496	8,497	-	(700,791)
Fiscal. . . . .	391,864	-	-	-	(391,864)
Business. . . . .	3,012	-	-	-	(3,012)
Operations and maintenance . . . . .	647,839	3,025	-	-	(644,814)
Pupil transportation. . . . .	12,901	-	-	-	(12,901)
Central . . . . .	98,504	9,233	11,262	-	(78,009)
Operation of non-instructional services:					
Other non-instructional services . . . . .	145,216	-	-	-	(145,216)
Food service operations . . . . .	131,934	46,226	91,666	-	5,958
Extracurricular activities. . . . .	18,862	-	-	-	(18,862)
Interest and fiscal charges . . . . .	30,880	-	-	-	(30,880)
<b>Total governmental activities . . . . .</b>	<b>\$ 7,106,123</b>	<b>\$ 985,481</b>	<b>\$ 1,096,428</b>	<b>\$ 6,498</b>	<b>(5,017,716)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					2,582,914
Capital outlay . . . . .					404,278
Grants and entitlements not restricted to specific programs . . . . .					2,582,606
Investment earnings . . . . .					14,878
Miscellaneous . . . . .					14,215
<b>Total general revenues. . . . .</b>					<b>5,598,891</b>
Change in net position . . . . .					581,175
<b>Net position at beginning of year . . . . .</b>					<b>10,051,662</b>
<b>Net position at end of year . . . . .</b>					<b>\$ 10,632,837</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 4,440,834	\$ 623,059	\$ 798,290	\$ 20,260	\$ 5,882,443
Receivables:					
Property taxes. . . . .	2,471,046	387,406	-	-	2,858,452
Accounts. . . . .	2,794	-	2,538	-	5,332
Intergovernmental. . . . .	-	-	-	47,275	47,275
Prepayments. . . . .	30,604	-	3,742	1,589	35,935
Materials and supplies inventory. . . . .	4,530	-	-	17,714	22,244
Due from other funds . . . . .	12,371	-	-	-	12,371
Total assets . . . . .	<u>\$ 6,962,179</u>	<u>\$ 1,010,465</u>	<u>\$ 804,570</u>	<u>\$ 86,838</u>	<u>\$ 8,864,052</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 2,548	\$ 428	\$ 150	\$ -	\$ 3,126
Accrued wages and benefits payable . . . . .	398,049	-	31,107	18,069	447,225
Pension obligation payable . . . . .	58,840	-	5,343	7,192	71,375
Intergovernmental payable . . . . .	18,500	-	2,753	1,456	22,709
Unearned revenue. . . . .	-	-	100	-	100
Due to other funds . . . . .	-	-	-	12,371	12,371
Total liabilities. . . . .	<u>477,937</u>	<u>428</u>	<u>39,453</u>	<u>39,088</u>	<u>556,906</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year . . . . .	1,841,925	288,645	-	-	2,130,570
Delinquent property tax revenue not available. . . . .	142,213	22,331	-	-	164,544
Total deferred inflows of resources . . . . .	<u>1,984,138</u>	<u>310,976</u>	<u>-</u>	<u>-</u>	<u>2,295,114</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	4,530	-	-	17,714	22,244
Prepays. . . . .	30,604	-	3,742	1,589	35,935
Restricted:					
Capital improvements . . . . .	-	699,061	-	-	699,061
Adult education . . . . .	-	-	761,375	-	761,375
Food service operations . . . . .	-	-	-	12,336	12,336
Vocational education. . . . .	-	-	-	18,535	18,535
Other purposes. . . . .	-	-	-	6,484	6,484
Committed:					
Termination benefits. . . . .	121,141	-	-	-	121,141
Assigned:					
Student instruction . . . . .	7,376	-	-	-	7,376
Student and staff support. . . . .	12,183	-	-	-	12,183
Uniform school supplies . . . . .	22,304	-	-	-	22,304
Public school support . . . . .	1,006	-	-	-	1,006
Other purposes. . . . .	49,817	-	-	-	49,817
Unassigned (deficit) . . . . .	4,251,143	-	-	(8,908)	4,242,235
Total fund balances . . . . .	<u>4,500,104</u>	<u>699,061</u>	<u>765,117</u>	<u>47,750</u>	<u>6,012,032</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 6,962,179</u>	<u>\$ 1,010,465</u>	<u>\$ 804,570</u>	<u>\$ 86,838</u>	<u>\$ 8,864,052</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

<b>Total governmental fund balances</b>		<b>\$ 6,012,032</b>
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,912,737
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Property taxes receivable		164,544
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 on the statement of net position.		613,532
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,590)
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	\$ (621,626)	
Capital lease obligations	(61,488)	
Compensated absences	(383,304)	
Total	(1,066,418)	(1,066,418)
<b>Net position of governmental activities</b>		<b>\$ 10,632,837</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 2,574,511	\$ 403,004	\$ -	\$ -	\$ 2,977,515
Tuition . . . . .	167,815	-	596,752	-	764,567
Earnings on investments . . . . .	11,759	1,083	-	32	12,874
Charges for services . . . . .	6,558	-	-	46,226	52,784
Classroom materials and fees . . . . .	47,155	-	85,034	-	132,189
Rental income . . . . .	3,025	-	-	-	3,025
Contributions and donations . . . . .	-	-	3,465	750	4,215
Contract services . . . . .	32,916	-	-	-	32,916
Other local revenues . . . . .	14,215	-	845	-	15,060
Intergovernmental - intermediate . . . . .	-	-	-	2,760	2,760
Intergovernmental - state . . . . .	2,739,613	79,639	411,644	9,668	3,240,564
Intergovernmental - federal . . . . .	-	-	-	433,008	433,008
<b>Total revenues . . . . .</b>	<b>5,597,567</b>	<b>483,726</b>	<b>1,097,740</b>	<b>492,444</b>	<b>7,671,477</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	439,753	-	-	49,756	489,509
Special . . . . .	320,096	10,301	-	52,094	382,491
Vocational . . . . .	2,505,434	-	-	83,840	2,589,274
Adult/continuing . . . . .	49,657	-	1,032,966	121,766	1,204,389
Other . . . . .	13,549	-	-	-	13,549
Support services:					
Pupil . . . . .	115,419	-	218	26,179	141,816
Instructional staff . . . . .	55,523	312	-	10,525	66,360
Board of education . . . . .	84,730	-	-	-	84,730
Administration . . . . .	720,538	831	16,379	2,046	739,794
Fiscal . . . . .	373,421	12,205	-	-	385,626
Business . . . . .	3,012	-	-	-	3,012
Operations and maintenance . . . . .	492,551	92,649	-	-	585,200
Pupil transportation . . . . .	7,501	4,000	-	-	11,501
Central . . . . .	76,438	-	14,409	5,500	96,347
Operation of non-instructional services:					
Other non-instructional services . . . . .	145,216	-	-	-	145,216
Food service operations . . . . .	-	-	-	130,699	130,699
Extracurricular activities . . . . .	18,862	-	-	-	18,862
Facilities acquisition and construction . . . . .	-	53,528	-	-	53,528
Capital outlay . . . . .	51,558	-	11,812	-	63,370
Debt service:					
Principal retirement . . . . .	1,531	86,178	351	-	88,060
Interest and fiscal charges . . . . .	324	29,476	74	-	29,874
<b>Total expenditures . . . . .</b>	<b>5,475,113</b>	<b>289,480</b>	<b>1,076,209</b>	<b>482,405</b>	<b>7,323,207</b>
Excess of revenues over expenditures . . . . .	122,454	194,246	21,531	10,039	348,270
<b>Other financing sources:</b>					
Capital lease transaction . . . . .	51,558	-	11,812	-	63,370
<b>Total other financing sources . . . . .</b>	<b>51,558</b>	<b>-</b>	<b>11,812</b>	<b>-</b>	<b>63,370</b>
Net change in fund balances . . . . .	174,012	194,246	33,343	10,039	411,640
<b>Fund balances at beginning of year . . . . .</b>	<b>4,326,092</b>	<b>504,815</b>	<b>731,774</b>	<b>37,711</b>	<b>5,600,392</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,500,104</b>	<b>\$ 699,061</b>	<b>\$ 765,117</b>	<b>\$ 47,750</b>	<b>\$ 6,012,032</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**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, 2014**

**Net change in fund balances - total governmental funds** \$ 411,640

*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.

Capital asset additions	\$ 399,045	
Current year depreciation	(270,378)	
<b>Total</b>		<b>128,667</b>

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

Property taxes	9,677	
Intergovernmental	(2,390)	
<b>Total</b>		<b>7,287</b>

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

Bonds	86,178	
Capital leases	1,882	
<b>Total</b>		<b>88,060</b>

Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.

(63,370)

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

(1,006)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

50,723

An 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 fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(40,826)

**Change in net position of governmental activities** **\$ 581,175**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,377,317	\$ 2,397,216	\$ 2,488,040	\$ 90,824
Tuition . . . . .	6,241	6,000	6,532	532
Earnings on investments . . . . .	11,236	12,000	11,759	(241)
Classroom materials and fees . . . . .	5,276	6,000	5,522	(478)
Rental income . . . . .	2,890	3,000	3,025	25
Contributions and donations . . . . .	-	5,100	-	(5,100)
Other local revenues . . . . .	20,947	20,100	21,923	1,823
Intergovernmental - state . . . . .	2,771,508	2,996,000	2,900,591	(95,409)
<b>Total revenues . . . . .</b>	<b>5,195,416</b>	<b>5,445,416</b>	<b>5,437,392</b>	<b>(8,024)</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	534,754	470,003	435,054	34,949
Special . . . . .	326,536	325,547	320,641	4,906
Vocational . . . . .	2,940,969	2,645,543	2,553,314	92,229
Adult/continuing . . . . .	51,471	48,372	48,294	78
Other . . . . .	6,938	17,421	15,460	1,961
Support services:				
Pupil . . . . .	153,709	121,915	116,498	5,417
Instructional staff . . . . .	43,477	62,754	58,532	4,222
Board of education . . . . .	79,905	95,469	89,611	5,858
Administration . . . . .	839,572	743,826	692,488	51,338
Fiscal . . . . .	412,760	412,897	381,026	31,871
Business . . . . .	3,639	3,948	3,009	939
Operations and maintenance . . . . .	511,435	538,369	493,955	44,414
Pupil transportation . . . . .	13,708	12,145	7,754	4,391
Central . . . . .	121,952	89,327	79,727	9,600
Extracurricular activities . . . . .	25,489	22,905	18,888	4,017
<b>Total expenditures . . . . .</b>	<b>6,066,312</b>	<b>5,610,441</b>	<b>5,314,251</b>	<b>296,190</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(870,896)	(165,025)	123,141	288,166
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,000	10,000	19,811	9,811
Transfers (out) . . . . .	(20,000)	(31,597)	(31,597)	-
Advances (out) . . . . .	-	(44,274)	(44,274)	-
<b>Total other financing sources (uses) . . . . .</b>	<b>(10,000)</b>	<b>(65,871)</b>	<b>(56,060)</b>	<b>9,811</b>
Net change in fund balance . . . . .	(880,896)	(230,896)	67,081	297,977
<b>Fund balance at beginning of year (restated) . . . . .</b>	<b>3,984,973</b>	<b>3,984,973</b>	<b>3,984,973</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>186,312</b>	<b>186,312</b>	<b>186,312</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 3,290,389</b>	<b>\$ 3,940,389</b>	<b>\$ 4,238,366</b>	<b>\$ 297,977</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ 654,500	\$ 657,300	\$ 602,223	\$ (55,077)
Classroom materials and fees . . . . .	127,000	129,000	99,450	(29,550)
Contributions and donations . . . . .	-	615	3,465	2,850
Other local revenues . . . . .	600	700	3,110	2,410
Intergovernmental - state . . . . .	475,000	375,040	411,644	36,604
Total revenue . . . . .	<u>1,257,100</u>	<u>1,162,655</u>	<u>1,119,892</u>	<u>(42,763)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Adult/continuing . . . . .	1,632,866	1,227,753	1,101,803	125,950
Support Services:				
Pupil . . . . .	59	218	218	-
Administration . . . . .	3,679	13,667	13,667	-
Central . . . . .	18,769	14,000	14,000	-
Total expenditures . . . . .	<u>1,655,373</u>	<u>1,255,638</u>	<u>1,129,688</u>	<u>125,950</u>
Excess of expenditures over revenues . . . . .	<u>(398,273)</u>	<u>(92,983)</u>	<u>(9,796)</u>	<u>83,187</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	-	-	1,513	1,513
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>1,513</u>	<u>1,513</u>
Net change in fund balance . . . . .	(398,273)	(92,983)	(8,283)	84,700
<b>Fund balance at beginning of year . . . . .</b>	729,134	729,134	729,134	-
<b>Prior year encumbrances appropriated . . . . .</b>	55,373	55,373	55,373	-
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 386,234</u>	<u>\$ 691,524</u>	<u>\$ 776,224</u>	<u>\$ 84,700</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2014**

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 706,516
Total assets. . . . .	<u>706,516</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>92,984</u>
Total liabilities . . . . .	<u>92,984</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>613,532</u>
Total net position. . . . .	<u><u>\$ 613,532</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 822,918
Total operating revenues . . . . .	<u>822,918</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>865,780</u>
Total operating expenses. . . . .	<u>865,780</u>
Operating loss . . . . .	<u>(42,862)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>2,036</u>
Total nonoperating revenues. . . . .	<u>2,036</u>
Change in net position . . . . .	(40,826)
<b>Net position at beginning of year. . . . .</b>	<u>654,358</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 613,532</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 822,918
Cash payments for claims . . . . .	(872,695)
	(49,777)
<b>Net cash (used in) operating activities. . . . .</b>	
<b>Cash flows from investing activities:</b>	
Interest received. . . . .	2,036
	2,036
<b>Net cash provided by investing activities . . . . .</b>	
Net (decrease) in cash and cash equivalents . . . . .	(47,741)
<b>Cash and cash equivalents at beginning of year. . .</b>	<b>754,257</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 706,516</u></b>
<b>Reconciliation of operating loss to net cash (used in) operating activities:</b>	
Operating loss . . . . .	\$ (42,862)
Changes in assets and liabilities:	
(Decrease) in claims payable . . . . .	(6,915)
	(49,777)
<b>Net cash (used in) operating activities . . . . .</b>	
	<b><u>\$ (49,777)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 26,747	\$ 37,701
Total assets. . . . .	26,747	\$ 37,701
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 261
Due to students. . . . .	-	37,440
Total liabilities . . . . .	-	\$ 37,701
<b>Net position:</b>		
Held in trust for scholarships . . . . .	26,747	
Total net position. . . . .	\$ 26,747	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	
<b>Additions:</b>		
Interest . . . . .	\$	37
Total additions . . . . .		<u>37</u>
<b>Deductions:</b>		
Scholarships awarded . . . . .		<u>256</u>
Change in net position . . . . .		(219)
<b>Net position at beginning of year . . . . .</b>		<u>26,966</u>
<b>Net position at end of year . . . . .</b>	<b>\$</b>	<b><u>26,747</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the "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 District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member Districts. The District is directed by an appointed nine-member Board of Education appointed by participating Districts.

The District serves an area of approximately 777 square miles with an enrollment of 312 students. The District employed 6 administrative and supervisory personnel, 94 certified employees (full-time and part-time) and 31 non-certificated employees (full-time and part-time).

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*JOINTLY GOVERNED ORGANIZATIONS*

Tri-County Computer Services Association

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 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 \$43,493 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2014 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

*INSURANCE POOL*

Jefferson Health Plan Self-Insurance Plan

The District participates in the Jefferson Health Plan (JHP) 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 JHP'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 \$45,628 to JHP during fiscal year 2014 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

**B. Basis of Presentation and Measurement Focus**

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources 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 a reconciliation 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

**C. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**PROPRIETARY FUND**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides medical benefits to employees.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. 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 District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The 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 District's agency funds account for various student-managed activities.

**D. Basis of Accounting**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources on the governmental fund financial statements. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. 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  
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

During fiscal year 2014, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2014.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2014 amounted to \$11,759, which includes \$3,054 assigned from other District funds.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**H. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of resale supplies and donated and purchased food.

**I. Capital Assets**

All of the District's capital assets are general capital assets resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The District's capitalization threshold is \$5,000. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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:

Description	Estimated Lives
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

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column of the statement of net position.

**K. Compensated Absences**

The 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

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

**M. 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.

Interfund activities between governmental funds are eliminated in the statement of activities.

During fiscal year 2014, there were no transfers.

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

*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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**O. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and adult education. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the 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.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Estimates**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The School District elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund’s budgetary-basis fund balance at June 30, 2013 is as follows:

<b>Budgetary Basis</b>	<u>General Fund</u>
Fund balance at June 30, 2013	\$ 4,040,949
Funds budgeted elsewhere	<u>(55,976)</u>
Restated fund balance at July 1, 2013	<u>\$ 3,984,973</u>

**C. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult basic literary education	\$ 8,303
Improving teacher quality	373
Career development	232

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 resulted from adjustments for accrued liabilities.

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury Note, 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 (STAR Ohio);
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,

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At year-end, the District had \$375 in cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

**B. Funds Held by Fiscal Agent**

The District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$706,516. 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.

**C. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$5,904,772. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$5,682,604 of the District's bank balance of \$5,932,604 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% 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 a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Investments**

As of June 30, 2014, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 41,744	\$ 41,744

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

*Concentration of Credit Risk:* The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 41,744	100.00



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,904,772
Investments	41,744
Cash with fiscal agent	706,516
Cash on hand	<u>375</u>
Total	<u>\$ 6,653,407</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,588,959
Private-purpose trust funds	26,747
Agency funds	<u>37,701</u>
Total	<u>\$ 6,653,407</u>

**NOTE 5 - INTERFUND ACTIVITY**

Interfund balances for the year ended June 30, 2014, consisted of the following due to/from other funds, as reported on the fund financial statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>12,371</u>

The primary purpose of the interfund balances is to cover negative cash balances in the governmental funds. These negative cash balances are not allowable as they do not meet the criteria of Ohio Revised Code Section 3315.20(A). These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from seven counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$486,908 in the general fund and \$76,430 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$400,437 in the general fund and \$63,003 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow. The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,143,993,130	92.68	\$ 1,176,931,810	92.64
Public utility personal	<u>90,354,170</u>	<u>7.32</u>	<u>93,521,830</u>	<u>7.36</u>
Total	<u>\$ 1,234,347,300</u>	<u>100.00</u>	<u>\$ 1,270,453,640</u>	<u>100.00</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 consisted of property taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 2,858,452
Accounts	5,332
Intergovernmental	<u>47,275</u>
<b>Total</b>	<b><u>\$ 2,911,059</u></b>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>06/30/13</u>			<u>06/30/14</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
<b>Total capital assets, not being depreciated</b>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	146,804	7,877	-	154,681
Buildings and building improvements	8,714,752	47,194	-	8,761,946
Infrastructure	51,056	-	-	51,056
Furniture and equipment	1,589,677	343,974	(57,079)	1,876,572
Vehicles	20,508	-	-	20,508
<b>Total capital assets, being depreciated</b>	<u>10,522,797</u>	<u>399,045</u>	<u>(57,079)</u>	<u>10,864,763</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(130,604)	(836)	-	(131,440)
Buildings and improvements	(4,579,499)	(174,621)	-	(4,754,120)
Infrastructure	(41,950)	(1,021)	-	(42,971)
Furniture and equipment	(1,030,617)	(92,500)	57,079	(1,066,038)
Vehicles	(6,057)	(1,400)	-	(7,457)
<b>Total accumulated depreciation</b>	<u>(5,788,727)</u>	<u>(270,378)</u>	<u>57,079</u>	<u>(6,002,026)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 4,784,070</u></b>	<b><u>\$ 128,667</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,912,737</u></b>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 36,957
Special	1,038
Vocational	179,909
Adult/Continuing	11,160

Support services:

Pupil	3,104
Administration	2,748
Operations and maintenance	32,894
Pupil transportation	1,400
Food service operations	<u>1,168</u>

Total depreciation expense	<u><u>\$ 270,378</u></u>
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**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the current fiscal year, the District entered into a capitalized lease with U.S. Bank Equipment Financing for copier equipment. This lease agreement meets the criteria of a capital lease that a capital lease generally transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$63,370. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2014 was \$6,337 leaving a current book value of \$57,033. Principal and interest payments for the capital lease in fiscal year 2014 totaled \$1,882 and \$398, respectively, paid by the general and adult education funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 13,682
2016	13,682
2017	13,682
2018	13,682
2019	<u>11,402</u>
Total minimum lease payments	66,130
Less amount representing interest	<u>(4,642)</u>
Total	<u><u>\$ 61,488</u></u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS**

On July 15, 2005, the 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 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 District's long-term obligations during the fiscal year were as follows:

	Balance			Balance	Due Within
	<u>6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2014</u>	<u>One Year</u>
HB264, Energy Conservation Improvement Bond, 4% interest rate, due 7/15/2020	\$ 294,187	\$ -	\$ (35,710)	\$ 258,477	\$ 37,160
HB264, Energy Conservation Improvement Bond, 4.67% interest rate, due 7/1/2020	413,617	-	(50,468)	363,149	52,876
Capital lease obligations	-	63,370	(1,882)	61,488	12,001
Compensated Absences	<u>434,027</u>	<u>75,662</u>	<u>(126,385)</u>	<u>383,304</u>	<u>75,662</u>
<b>Total</b>	<u>\$ 1,141,831</u>	<u>\$ 139,032</u>	<u>\$ (214,445)</u>	<u>\$ 1,066,418</u>	<u>\$ 177,699</u>

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2014, are as follows:

Fiscal Year Ending	Energy Conservation Improvement Phase I General Obligation Bonds			Energy Conservation Improvement Phase II General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
June 30						
2015	\$ 37,160	\$ 9,786	\$ 46,946	\$ 52,876	\$ 15,844	\$ 68,720
2016	38,669	8,278	46,947	55,398	13,321	68,719
2017	40,239	6,707	46,946	58,042	10,677	68,719
2018	41,873	5,074	46,947	60,811	7,908	68,719
2019	43,573	3,373	46,946	63,711	5,008	68,719
2020 - 2021	<u>56,963</u>	<u>1,720</u>	<u>58,683</u>	<u>72,311</u>	<u>1,989</u>	<u>74,300</u>
<b>Total</b>	<u>\$ 258,477</u>	<u>\$ 34,938</u>	<u>\$ 293,415</u>	<u>\$ 363,149</u>	<u>\$ 54,747</u>	<u>\$ 417,896</u>

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 who 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Legal Debt Margin: The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$113,719,202 and an unvoted debt margin of \$1,270,454.

**NOTE 11 - RISK MANAGEMENT**

**A. General Insurance**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$500 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$26,258,095. The District's vehicle insurance policy limit is \$15,000,000 with a \$500 collision deductible for automobiles. All board members, administrators, and employees are covered under a District liability policy.

Additionally, the District carries a \$15,000,000 Educational Liability Policy. The limits of this coverage are \$15,000,000 per occurrence and in aggregate. An Excess Liability policy brings total liability coverage to \$17,000,000. 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 District's Cashier has a bond in the amount of \$20,000. In addition, the District is covered by a blanket Public Employee Dishonesty Policy in the amount of \$100,000.

**C. Workers' Compensation**

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The 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 Districts. The purchasing pool is administered by CompManagement, Inc.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**D. Employee Health Insurance**

The District is self-insured for its medical, dental, vision and life 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 \$35,000 per employee.

The claims liability of \$92,984 reported in the internal service fund at June 30, 2014 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 2013 and 2014 are listed below:

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at <u>End of Year</u>
2014	\$ 99,899	\$ 858,865	\$ (865,780)	\$ 92,984
2013	\$ 61,368	\$ 1,072,882	\$ (1,034,351)	\$ 99,899

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 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 a statutory maximum amount of 14 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$104,614, \$112,167 and \$133,336, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 12 - PENSION PLANS - (Continued)**

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

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

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The 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 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$386,461, \$396,299 and \$443,113, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$25,033 made by the District and \$19,669 made by the plan members.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 12 - PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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 program 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 Section 3309.69 of the Ohio Revised Code. 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 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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 the SERS' Ohio website, [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 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The 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. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$13,900, \$13,940 and \$18,439, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,069, \$6,336 and \$7,905, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

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

Plan Description - The 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 report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$29,728, \$30,485 and \$34,086, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statements of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assigned or committed portion of available fund balance for outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and adult education fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Adult Education</u>
Budget basis	\$ 67,081	\$ (8,283)
Net adjustment for revenue accruals	72,901	(22,152)
Net adjustment for expenditure accruals	(4,816)	31,414
Net adjustment for other sources/uses	38,441	10,298
Funds budgeted elsewhere	(20,573)	-
Adjustment for encumbrances	20,978	22,066
GAAP basis	\$ 174,012	\$ 33,343

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform schools supplies fund, public school support fund, termination benefits fund and the community services fund. In addition, the unclaimed monies fund is legally budgeted as a separate private-purpose trust fund but is considered part of the general fund on a GAAP basis.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	48,911
Current year offsets	<u>(469,216)</u>
Total	<u>\$ (420,305)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**NOTE 17 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 19,599
Permanent improvement	6,357
Adult education	21,891
Nonmajor governmental	<u>2,943</u>
Total	<u>\$ 50,790</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 8,882	\$ 8,882
Cash Assistance			
School Breakfast Program	10.553	15,754	15,754
National School Lunch Program	10.555	57,860	57,860
Total Child Nutrition Cluster		<u>82,496</u>	<u>82,496</u>
State Administrative Expenses for Child Nutrition	10.560	576	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>83,072</u></b>	<b><u>82,496</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Direct Program</i>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	5,000	5,000
Federal Pell Grant Program	84.063	259,112	259,112
Federal Direct Student Loans	84.268	326,854	326,854
Total Student Financial Assistance Cluster		<u>590,966</u>	<u>590,966</u>
Rural Education	84.358A	37,202	34,273
<i>Passed Through the Ohio Department of Education</i>			
Adult Education - Basic Grants to States	84.002	47,970	47,970
Career and Technical Education - Basic Grants to States	84.048	158,820	156,333
ARRA-State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	1,050	1,050
Improving Teacher Quality State Grants	84.367	1,382	936
<i>Passed Through the Lorain County Joint Vocational School</i>			
Career and Technical Education - Basic Grants to States	84.048	68,114	68,114
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>905,504</u></b>	<b><u>899,642</u></b>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>		<b><u>\$ 988,576</u></b>	<b><u>\$ 982,138</u></b>

*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 SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Ashland County-West Holmes Joint Vocational School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE C - 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 D – 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 AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 5, 2014





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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:

### ***Report on Compliance for the Major Federal Program***

We have audited the Ashland County-West Holmes Joint Vocational School District's, Ashland County, Ohio, (the District's) compliance with the applicable 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, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 5, 2014

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<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>	Unmodified
<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>	<u>Student Financial Assistance Cluster:</u> CFDA 84.007 – Federal Supplemental Educational Opportunity Grants CFDA 84.268 – Federal Direct Student Loans 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 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  
DECEMBER 30, 2014**