

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2003





**Auditor of State  
Betty Montgomery**

Board of Education  
Wayne County Joint Vocational School District

We have reviewed the Independent Auditor's Report of the Wayne County Joint Vocational School District, Wayne County, prepared by Knox & Knox for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 10, 2004

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WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE COUNTY  
FOR THE YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis) General Fund	22
Statement of Revenues Expenses and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis) Adult Education Fund	23
Statement of Fiduciary Net Assets - Fiduciary Fund	24
Notes to the Basic Financial Statements	25
Schedule of Federal Awards Receipts and Expenditures	54
Notes to the Schedule of Federal Awards Receipts and Expenditures	56
Report of Independent Accountants' on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	58
Report on Compliance With Requirements Applicable to Each of Its Federal Programs and Internal Control over Compliance In Accordance With OMB Circular A-133	60
Schedule of Findings	62

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Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT**

Wayne County Joint Vocational School District  
Wayne County  
518 West Prospect Street  
Smithville, Ohio 44677

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Joint Vocational School District, Wayne County, Ohio (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Joint Vocational School District, Wayne County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments* and Interpretation No. 6 and changed its accounting for capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

KNOX & KNOX

Orrville, Ohio  
December 31, 2003



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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The discussion and analysis of Wayne County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's Financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

This is the first year the School District is reporting under GASB34 guidelines. Since these guidelines combine fund types to generate the report, it is impracticable to compare last year's financial highlights with this year's.

Key Financial Highlights for 2003 are as follows:

- Net assets were valued at \$9,790,604 an increase of \$374,183 over 2002.
- Revenues for governmental activities totaled \$12,590,656 in 2003. Of this total, 71 percent consisted of General revenues while Program revenues accounted for the balance of 29 percent.
- Program expenses totaled \$12,105,565. Instructional expenses made up 61.9 percent of this total while support services accounted for 33.5 percent. Other expenses rounded out the remaining 4.6 percent.
- Outstanding general obligation bonded debt decreased to \$61,510 in 2003.

**Using this Annual Financial Report**

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on with the Statement of Fixed Assets. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

*Governmental Funds*

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

**The School District as a Whole**

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2003.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
**Unaudited**

Table 1  
Net Assets

Governmental Activities

<b>Assets</b>	
Current and Other Assets	\$8,933,316
Capital Assets, Net	<u>2,072,039</u>
<b>Total Assets</b>	<u>11,005,355</u>
<b>Liabilities</b>	
Current and Other Liabilities	\$ 912,800
Long-Term Liabilities:	
Due Within One Year	147,009
Due in More than One Year	<u>154,942</u>
<b>Total Liabilities</b>	<u>1,214,751</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Debt	2,083,726
Restricted	
Capital Outlay	242,094
Unrestricted (Deficit)	7,464,784
<b>Total Net Assets</b>	<u>\$9,790,604</u>

Total Current Assets and Other Assets is mainly cash and taxes receivable.

Total Current Liabilities and Other Liabilities are mainly deferred revenue and accrued wages and benefits payable.

By comparing assets and liabilities, one can see the overall position of the School District is good.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2003***  
***Unaudited***

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$8,935,932 or 71 percent of the total revenue. The most significant portions of the general revenue is local property tax and state receipts, 50.1 percent and 47.8 percent respectively. The remaining amount of revenue received was in the form of program revenues, including the Adult Education Fund at 14 percent and Other Program Revenues at 15 percent of total revenue.

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2  
Changes in Net Assets

	Governmental Activities 2003
<b>Revenues</b>	
Program Revenues:	
Charges in Services and Sales	\$1,714,653
Operating Grants and Contributions	<u>6,274,537</u>
Total Program Revenues	<u>7,989,190</u>
General Revenues:	
Property Taxes	4,413,212
Investments	66,445
Miscellaneous	<u>41,931</u>
Total General Revenues	<u>4,521,588</u>
Total Revenues	<u>12,510,778</u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
**Unaudited**

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Table 2 - Continued  
Changes in Net Assets

	Governmental Activities 2003
<b>Program Expenses</b>	
Instruction:	
Regular	\$ 922,016
Special	21,427
Vocational	6,212,981
Adult Ed/Continuing/Other	365,419
Support Services:	
Pupil	577,498
Instructional Staff	944,881
Board of Education	32,406
Administration	924,745
Fiscal	365,874
Operation and Maintenance	1,103,782
Pupil Transportation	70,170
Central	119,653
Operating of Non-Instructional Services	443,174
Extracurricular Activities	646
Intergovernmental	30,288
Interest and Fiscal Charges	<u>2,635</u>
Total Program Expenses	<u>\$12,136,595</u>
Increase in Net Assets	\$ 374,183

**Governmental Activities**

The School District has carefully planned its financial existence by forecasting its revenues and expenditures over the next five years. The School District has four continuing levies for a total of 4.1 mills, which generate an estimated \$4,250,000 in revenues.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Almost equal to the School District's reliance on local property taxes is the reliance on school foundation monies. School foundation monies are generated by the number of students attending the Wayne County Joint Vocational School District. Increases in enrollment will increase the amount of Operating Grants received and likewise decreases in enrollment will increase the need for additional local levies.

The reader of this report should note that approximately 62.0 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff, and business operations encompass an additional 33.1 percent. The remaining amount of the program expenses, 4.9 percent, is budgeted to facilitate other obligations of the School District such as interest and fiscal charges, the food service program, and numerous extracurricular activities.

Actual expenses were in line with budget estimates and the School District even exhibited an increase in net assets in 2003 of \$374,183. This increase was primarily due to revenues exceeding expenses.

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2003***  
***Unaudited***

Table 3  
Governmental Activities

	Total Cost Of Services 2003	Net Cost of Services 2003
Instruction:		
Regular	\$ 922,016	(\$424,156)
Special	21,427	(7,047)
Vocational	6,212,981	(2,287,389)
Adult/Continuing/Other	365,419	78,355
Support Services:		
Pupil	577,498	(131,521)
Instructional Staff	944,881	(266,750)
Board of Education	31,406	(15,096)
Administration	924,745	(373,165)
Fiscal	365,874	(171,152)
Operation and Maintenance	1,103,782	(505,511)
Pupil Transportation	70,170	(44,846)
Central	119,653	10,994
Operation of Non-Instructional Services	443,174	(6,293)
Extracurricular Activities	646	(213)
Intergovernmental	30,288	(980)
Interest and Fiscal Charges	<u>2,635</u>	<u>(2,635)</u>
Total	\$12,136,595	(\$4,147,405)

As reported in Table 3, the reliance of local tax revenues for governmental activities is crucial. Over 36.0 percent of expenses are directly supported by local property taxes. Grant and entitlements not restricted to specific programs support 51.7 percent, while investment and other miscellaneous revenues support the remaining activity costs. Program revenues only account for 5.6 percent of governmental expenses.



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

**Clearly, School District growth in assets will only continue as long as student enrollment is stable or increasing. Decreases in enrollment will cause the School District to delete programs and services or seek new tax levies.**

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

Information regarding the School District's major funds can be found in the Notes to the Basic Financial Statements, Summary of Significant Accounting Policies. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$12,590,656 and expenditures of \$12,105,565.

### **General Fund Budgeting Highlights**

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

During the course of fiscal 2003, the School District did not amend its general fund budget but did have the School District Board of Education approve several transfers of appropriation, none significant. The School District budgets by using input from staff and administrators and had a total general fund budget of \$8,895,253.

For all governmental activities, the final budget basis revenue estimate totaled \$12,935,554; this was below the original budget estimates of \$13,160,299. The main difference between the original and final estimates was mainly due to less received in grants and through our adult education fund. However, due to carryover cash balance available from the start of 2003, budget basis expenditures were increased to \$13,535,912 up from the original estimates of \$13,472,807.

The School District's unencumbered ending cash balance totaled \$3,452,374 which was above the original budgeted amount by approximately \$315,000. However, \$225,000 of this amount was due to an early receipt of 2004 Real Estate Taxes.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2003, the School District has Capital Assets invested in land, land improvements, buildings and improvements, furniture, and equipment. Values and a complete breakdown of the School District's Capital Assets can be found in Note 9 – Fixed Assets.

*Debt*

At June 30, 2003 the School District had \$61,510 in bonds outstanding. Table 4 below summarizes the School District's bonds outstanding.

Table 4  
Outstanding Debt, at Year End

	Governmental Activities	
	2003	2002
1993 HB264 Energy Loan	21,921	73,242
1991 Food Processing Building Loan	39,589	48,387
Totals	61,510	121,629

The HB264 Bonds were used to update the School District's boilers and air conditioning system. The final payment on the HB264 loan will be made in November of 2003.

The Food Processing Building Loan was granted as an 15 year interest free loan from the State of Ohio to equip and construct a building to house a Food Processing Vocational Program. Due to low enrollment the Food Processing Building was converted to a Culinary Arts Program Building in 2002.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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**School District Outlook**

The Wayne County Joint Vocational School District will continue to have a positive financial outlook for the next few years as long as enrollment in the day school does not decrease.

As with any school district, the financial future of the School District is not without its challenges though. Increases in expenses, especially in the area of Salaries and Benefits, are projected to continue and revenues are expected to remain at approximately the same levels. With this forecast in mind, the School District expects to place a new levy on the ballot in November of 2006.

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

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

We believe that good management of our resources has allowed the School District to build a carryover in the General Fund of \$3,282,468 at the end of FY03 without a new levy since 1987. Management will continue to carefully monitor funds available and spending to provide outstanding opportunities for our students while keeping costs within approved appropriations. The Five Year Forecast indicates a new one mill levy will be needed in FY07 when expenditures are projected to significantly exceed receipts. However, increases in state funding may delay this or decreases in state funding may cause the district to consider additional funding sooner.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeffrey T. Slutz, Treasurer, at Wayne County Joint Vocational School District, 518 West Prospect St., Smithville, Ohio 44667, phone number 330 669-2134, or email at [WCCC\\_SLUTZ@tccsa.net](mailto:WCCC_SLUTZ@tccsa.net).

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**Wayne County Joint Vocational School District**  
**Statement of Net Assets**  
**June 30, 2003**

	Governmental Activities	Total
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$4,167,535	\$4,167,535
Materials and Supplies Inventory	67,050	67,050
Accrued Interest Receivable	4,563	4,563
Accounts Receivable	375,572	375,572
Intergovernmental Receivable	148,813	148,813
Taxes Receivable	3,892,321	3,892,321
Noncurrent Assets:		
Restricted Assets:		
Equity in Pooled Cash and Cash Equivalents	277,462	277,462
Capital Assets:		
Land and Construction in Progress	354,000	354,000
Depreciable Capital Assets, Net	1,718,039	1,718,039
<i>Total Assets</i>	<u>11,005,355</u>	<u>11,005,355</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	60,208	60,208
Accrued Wages	725,201	725,201
Intergovernmental Payable	126,702	126,702
Unearned Revenue	689	689
Noncurrent Liabilities:		
Long-Term Liabilities:		
Due Within One Year	147,009	147,009
Due In More Than One Year	154,942	154,942
<i>Total Liabilities</i>	<u>1,214,751</u>	<u>1,214,751</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	2,032,450	2,032,450
Restricted for:		
Capital Outlay	242,094	242,094
Unrestricted (Deficit)	7,516,060	7,516,060
<i>Total Net Assets</i>	<u><u>\$9,790,604</u></u>	<u><u>\$9,790,604</u></u>

See accompanying notes to basic financial statements.

**Wayne County Joint Vocational School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2003**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Total
<b>Governmental Activities</b>					
<b>Instruction:</b>					
Regular	\$922,016	\$30,843	\$467,017	(\$424,156)	(\$424,156)
Special	21,427	8,792	5,588	(7,047)	(7,047)
Vocational	6,212,981	1,264,758	2,660,834	(2,287,389)	(2,287,389)
Adult/Continuing	364,548	332	443,442	79,226	79,226
Other	871	0	0	(871)	(871)
<b>Support Services:</b>					
Pupil	577,498	4,351	441,626	(131,521)	(131,521)
Instructional Staff	944,881	228,036	450,095	(266,750)	(266,750)
Board of Education	31,406	435	15,875	(15,096)	(15,096)
Administration	924,745	11,024	540,556	(373,165)	(373,165)
Fiscal	365,874	6,515	188,207	(171,152)	(171,152)
Operation and Maintenance of Plant	1,103,782	35,698	562,573	(505,511)	(505,511)
Pupil Transportation	70,170	1,611	23,713	(44,846)	(44,846)
Central	119,653	0	130,647	10,994	10,994
Operation of Non-Instructional Services	443,174	121,993	314,888	(6,293)	(6,293)
Extracurricular Activities	646	265	168	(213)	(213)
Intergovernmental	30,288	0	29,308	(980)	(980)
Interest and Fiscal Charges	2,635	0	0	(2,635)	(2,635)
<b>Total Governmental Activities</b>	<b>12,136,595</b>	<b>1,714,653</b>	<b>6,274,537</b>	<b>(4,147,405)</b>	<b>(4,147,405)</b>
<b>Totals</b>	<b>\$12,136,595</b>	<b>\$1,714,653</b>	<b>\$6,274,537</b>	<b>(4,147,405)</b>	<b>(4,147,405)</b>
<b>General Revenues:</b>					
Gifts and Donations				34,937	34,937
Investment Earnings				66,445	66,445
Miscellaneous				1,630	1,630
<b>Total General Revenues</b>				<b>103,012</b>	<b>103,012</b>
<b>Revenues:</b>					
Property and Other Local Taxes				4,413,212	4,413,212
Proceeds from Sale of Fixed Assets				5,364	5,364
<b>Total General Revenues and Property and Other Local Taxes</b>				<b>4,521,588</b>	<b>4,521,588</b>
Change in Net Assets				374,183	374,183
<i>Net Assets Beginning of Year - (See Note 3)</i>				9,416,421	9,416,421
<i>Net Assets End of Year</i>				<b>\$9,790,604</b>	<b>\$9,790,604</b>

See accompanying notes to the basic financial statements.

**Wayne County Joint Vocational School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2003**

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,039,118	\$333,340	\$795,077	\$4,167,535
Materials and Supplies Inventory	46,513	14,744	5,793	67,050
Accrued Interest Receivable	4,563	0	0	4,563
Accounts Receivable	9,317	354,583	11,672	375,572
Interfund Receivable	270,354	0	0	270,354
Intergovernmental Receivable	18,062	0	130,751	148,813
Income Taxes Receivable	3,892,321	0	0	3,892,321
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	277,462	0	0	277,462
<i>Total Assets</i>	<u>\$7,557,710</u>	<u>\$702,667</u>	<u>\$943,293</u>	<u>\$9,203,670</u>
<b>Liabilities</b>				
Accounts Payable	\$42,885	\$6,595	\$10,728	\$60,208
Accrued Wages	581,150	87,082	56,969	725,201
Intergovernmental Payable	90,910	14,849	9,438	115,197
Interfund Payable	0	0	270,354	270,354
Deferred Revenue	3,636,177	0	63,895	3,700,072
Unearned Revenue	0	0	689	689
Compensated Absences Payable	69,103	0	0	69,103
<i>Total Liabilities</i>	<u>4,420,225</u>	<u>108,526</u>	<u>412,073</u>	<u>4,940,824</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	64,005	105,043	51,858	220,906
Reserved for Inventory	46,513	14,744	5,793	67,050
Reserved for Property Taxes	256,144	0	0	256,144
Reserved for Budget Stabilization	277,462	0	0	277,462
Unreserved, Undesignated, Reported in:				
General Fund	2,493,361	0	0	2,493,361
Special Revenue Funds	0	474,354	231,475	705,829
Capital Projects Funds	0	0	242,094	242,094
<i>Total Fund Balances (Deficits)</i>	<u>3,137,485</u>	<u>594,141</u>	<u>531,220</u>	<u>4,262,846</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,557,710</u>	<u>\$702,667</u>	<u>\$943,293</u>	<u>\$9,203,670</u>

.See accompanying notes to the basic financial statements.



**Wayne County Joint Vocational School District  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2003**

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**Total Governmental Funds Balances** \$4,262,846

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds 2,072,039

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds:  
Property Taxes 3,700,072

Long-term liabilities, including bonds payable and accrued  
interest payable, are not due and payable in the current  
period and therefore are not reported in the funds:

Intergovernmental Payable	(11,505)
Pension Obligation Payable	(171,091)
Notes Payable	<u>(61,757)</u>

Total (244,353)

*Net Assets of Governmental Activities* \$9,790,604

See accompanying notes to the basic financial statements.

**Wayne County Joint Vocational School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2003**

	General	Adult Education Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Local Taxes	\$4,476,859	\$0	\$0	\$4,476,859
Intergovernmental	4,274,467	386,890	1,634,775	6,296,132
Interest	66,372	0	73	66,445
Tuition and Fees	7,049	905,772	127,903	1,040,724
Rent	1,775	0	0	1,775
Gifts and Donations	0	0	34,937	34,937
Customer Sales and Services	108,130	435,758	128,266	672,154
Miscellaneous	1,280	0	350	1,630
<i>Total Revenues</i>	<u>8,935,932</u>	<u>1,728,420</u>	<u>1,926,304</u>	<u>12,590,656</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	900,781	0	44,806	945,587
Special	0	0	21,427	21,427
Vocational	4,481,806	1,497,392	184,447	6,163,645
Adult/Continuing	0	0	363,073	363,073
<b>Support Services:</b>				
Pupil	314,623	0	261,770	576,393
Instructional Staff	518,693	298,457	109,320	926,470
Board of Education	31,406	0	0	31,406
Administration	797,018	0	114,304	911,322
Fiscal	357,784	2,135	5,700	365,619
Operation and Maintenance of Plant	1,019,022	29,455	34,282	1,082,759
Pupil Transportation	35,022	1,537	4,676	41,235
Central	0	0	119,653	119,653
Operation of Non-Instructional Services	0	0	437,887	437,887
Extracurricular Activities	0	0	646	646
Capital Outlay	0	0	25,446	25,446
Intergovernmental	0	0	30,288	30,288
<b>Debt Service:</b>				
Principal Retirement	0	0	60,074	60,074
Interest and Fiscal Charges	0	0	2,635	2,635
<i>Total Expenditures</i>	<u>8,456,155</u>	<u>1,828,976</u>	<u>1,820,434</u>	<u>12,105,565</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>479,777</u>	<u>(100,556)</u>	<u>105,870</u>	<u>485,091</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Fixed Assets	5,364	0	0	5,364
Transfers In	0	1,525	62,709	64,234
Transfers Out	(64,234)	0	0	(64,234)
<i>Total Other Financing Sources (Uses)</i>	<u>(58,870)</u>	<u>1,525</u>	<u>62,709</u>	<u>5,364</u>
<i>Net Change in Fund Balances</i>	420,907	(99,031)	168,579	490,455
<i>Fund Balances Beginning of Year (Restated)</i>	<u>2,716,578</u>	<u>693,172</u>	<u>362,641</u>	<u>3,772,391</u>
<i>Fund Balances End of Year</i>	<u>\$3,137,485</u>	<u>\$594,141</u>	<u>\$531,220</u>	<u>\$4,262,846</u>

See accompanying notes to the basic financial statements.

**Wayne County Joint Vocational School District  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2003**

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**Net Change in Fund Balances - Total Governmental Funds** \$490,455

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 84,649

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (85,242)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (115,679)

***Change in Net Assets of Governmental Activities*** \$374,183

See accompanying notes to the basic financial statements.

Wayne County Joint Vocational School District  
Statement in Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental - State	\$4,370,000	\$4,370,000	\$4,256,432	(\$113,568)
From Local Sources:				
Interest	85,000	85,000	69,111	(15,889)
Rent	0	0	1,775	1,775
Customer Sales and Services	35,000	35,000	117,088	82,088
Taxes	4,300,000	4,300,000	4,640,867	340,867
Miscellaneous	85,000	70,000	1,264	(68,736)
Total Revenues	<u>8,875,000</u>	<u>8,860,000</u>	<u>9,086,537</u>	<u>226,537</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	939,700	944,270	878,774	65,496
Vocational	4,788,177	4,708,040	4,444,027	264,013
Support Services:				
Pupils	352,224	352,424	296,124	56,300
Instructional Staff	598,305	618,305	535,642	82,663
Board of Education	22,740	37,740	31,418	6,322
Administration	776,759	815,259	808,182	7,077
Fiscal	364,254	367,254	360,545	6,709
Operation and Maintenance of Plant	1,189,983	1,126,350	1,079,819	46,531
Pupil Transportation	32,716	45,216	37,048	8,168
Total Expenditures	<u>9,064,858</u>	<u>9,014,858</u>	<u>8,471,579</u>	<u>543,279</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(189,858)</u>	<u>(154,858)</u>	<u>614,958</u>	<u>769,816</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	5,000	5,000	5,364	364
Advances In	20,000	20,000	160,124	140,124
Operating Transfers Out	(75,253)	(145,253)	(64,234)	81,019
Advances Out	(20,000)	0	(270,354)	(270,354)
Total Other Financing Sources (Uses)	<u>(70,253)</u>	<u>(120,253)</u>	<u>(169,100)</u>	<u>(48,847)</u>
Net Change in Fund Balance	(260,111)	(275,111)	445,858	720,969
Fund Balance at Beginning of Fiscal Year (Restated)	2,593,014	2,593,014	2,593,014	0
Prior Fiscal Year Encumbrances Appropriated	174,858	174,858	174,858	0
Fund Balance at End of Fiscal Year	<u>\$2,507,761</u>	<u>\$2,492,761</u>	<u>\$3,213,730</u>	<u>\$720,969</u>

See accompanying notes to the basic financial statements.

Wayne County Joint Vocational School District  
Statement in Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Adult Education Fund  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental - State	\$575,500	\$500,500	\$483,033	(\$17,467)
From Local Sources:				
Tuition	725,000	725,000	784,064	59,064
Customer Sales and Services	607,345	550,544	435,758	(114,786)
<b>Total Revenues</b>	<b>1,907,845</b>	<b>1,776,044</b>	<b>1,702,855</b>	<b>(73,189)</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Vocational	1,469,546	1,608,327	1,529,585	78,742
Support Services:				
Instructional Staff	423,746	454,685	402,503	52,182
Fiscal	1,000	10,688	10,648	40
Operation and Maintenance of Plant	40,035	41,745	39,915	1,830
Pupil Transportation	23,500	1,537	1,537	0
Operation of Non-Instructional Services	0	12,255	0	12,255
<b>Total Expenditures</b>	<b>1,957,827</b>	<b>2,129,237</b>	<b>1,984,188</b>	<b>145,049</b>
Excess (Deficit) of Revenues Over (Under) Expenditures	(49,982)	(353,193)	(281,333)	71,860
<b>Other Financing Sources (Uses):</b>				
Transfers In	2,000	2,000	1,525	(475)
Advances In	20,237	20,237	85,265	65,028
Advances Out	(20,237)	(20,237)	0	20,237
<b>Total Other Financing Sources (Uses)</b>	<b>2,000</b>	<b>2,000</b>	<b>86,790</b>	<b>84,790</b>
Net Change in Fund Balance	(47,982)	(351,193)	(194,543)	156,650
Fund Balance at Beginning of Fiscal Year (Restated)	321,921	321,921	321,921	0
Prior Fiscal Year Encumbrances Appropriated	98,166	98,166	98,166	0
<b>Fund Balance at End of Fiscal Year</b>	<b>\$372,105</b>	<b>\$68,894</b>	<b>\$225,544</b>	<b>\$156,650</b>

See accompanying notes to the basic financial statements.

**Wayne County Joint Vocational School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**June 30, 2003**

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$41,573
Accounts Receivable	<u>7,250</u>
 Total Assets	 <u>48,823</u>
 <b>Liabilities</b>	
Accounts Payable	4,615
Undistributed Monies	4,102
Due to Students	<u>40,106</u>
 Total Liabilities	 <u><u>\$48,823</u></u>

See accompanying notes to the basic financial statements.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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

The District operates under an appointed nine-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 42 noncertificated employees, 89 certificated full-time teaching personnel and eight administrators who provide services to 676 students and other community members.

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

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the District 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, adult education 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 organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or 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, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The District has no component units.

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

The basic financial statements of the Wayne County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function program of the District's governmental activities and for the single business-type activity 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 charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

Fund Accounting

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



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental fund:

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

**Adult Education** - This fund accounts for educational opportunities offered on a tuition basis to preschoolers, youths and adults living within the community.

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

Proprietary Fund

The proprietary fund focuses on the determination of the changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds or internal service funds.

Fiduciary Funds

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

Measurement Focus

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund 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.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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 income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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: investment earnings and grants and entitlements.

Deferred Revenue

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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

Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2003, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

BUDGETARY PROCESS

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

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Wayne County Budget Commission (the "Commission") for rate determination.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. Prior to year-end, the District requested and received an amended Certificate of Estimated Resources that reflects actual revenue for the fiscal year. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal year 2003.

Appropriations

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

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either reallocate, increase or decrease the original appropriated amounts. During the fiscal year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations

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

CASH AND INVESTMENTS

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

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

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue has been credited to the General Fund and the Food Service (enterprise) Fund. Interest credited to the General Fund during fiscal year 2003 amounted to \$66,445 which includes \$20,983 assigned from other District funds.

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2003**

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

Inventory

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

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Buildings	15 - 30 years
Furniture and Fixtures	8 - 20 years
Vehicles	5 - 15 years
Equipment	8 - 20 years

Interfund Balances

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

Compensated Absences

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In the Food Service enterprise fund, the entire amount of compensated absences is reported as a fund liability.

**Accrued Liabilities and Long-Term Obligations**

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

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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

Net Assets

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

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

Fund Balance Reserves and Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designation for budget stabilization represents revenues set aside that exceed statutorily required amounts.

Interfund Transactions

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

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



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Food Service enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Food Service enterprise fund. All revenues not meeting this definition are reported as nonoperating revenues.

Contributions of Capital

Contributions of capital in Food Service enterprise fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

ESTIMATES

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

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

Changes in Accounting Principles

For fiscal year 2003, the District has implemented Governmental Accounting Standards Board Statement (GASB) No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”; GASB No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues”, GASB No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB No. 38, “Certain Financial Statement Note Disclosures”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”. At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the District’s programs between governmental and business-type activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002, caused by the conversion to the accrual basis of accounting. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (continued)**

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The District restated the fund liability of compensated absences that had not matured during fiscal year 2002.

Restatement of Fund Balance

The restatements for GASB Statement No. 34 and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the District as they were previously reported.

	<u>General</u>	<u>Adult Education</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Activities</u>
Fund Balance June 30, 2002	\$2,716,578	\$0	\$248,081	\$2,964,659
GASB 34 Adjustments:				
Change in Fund Structure	<u>0</u>	<u>693,172</u>	<u>114,560</u>	<u>807,732</u>
Adjusted Fund Balance	<u>\$2,716,578</u>	<u>\$693,172</u>	<u>\$362,641</u>	<u>\$3,772,391</u>

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

Adjusted Fund Balance	\$3,772,391
GASB 34 Adjustments:	
Income Taxes Receivable Deferred on Fund Level	3,785,314
Capital Assets	2,149,803
Intergovernmental Payable	(11,505)
Long-Term Liabilities	<u>(279,582)</u>
Governmental Activities Net Assets at June 30, 2002	<u>\$9,416,421</u>

Business-Type Activities – Fund Reclassification and Restatement of Fund Balance – Funds previously reported as enterprise funds are now reported in the special revenue fund to properly reflect the intended purpose of the funds.

	<u>Business-Type Activities</u>
Fund Equity June 30, 2002	\$959,744
GASB 34 Adjustments:	
Change in Fund Structure	<u>(959,744)</u>
Restated Net Assets at June 30, 2002	<u>\$0</u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2003**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Adjustments necessary to convert the results of operations at the end of the fiscal year on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance Major Governmental Fund		
	General	Adult Education
GAAP Basis	\$420,907	(\$99,031)
Net Adjustment for Revenue Accruals	310,729	59,700
Net Adjustment for Expenditure Accruals	(388,623)	(263,008)
Encumbrances	102,845	107,796
Budget Basis	\$445,858	(\$194,543)

**NOTE 5 - COMPLIANCE AND ACCOUNTABILITY**

The following funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accrual basis of accounting which substantially differs from those recognized on the cash basis of accounting:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2003**

**NOTE 5 - COMPLIANCE AND ACCOUNTABILITY (continued)**

Fund	Deficit
Nonmajor Funds:	
Full Service Center	(\$2,700)
Career Development	(1,486)
Safe/Drug Free Schools	(1,594)
Vocational Education	(\$2,002)
Title VI	(3,681)
Improving Teacher Quality	(2,570)

**NOTE 6 - DEPOSITS AND INVESTMENTS**

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes require the classification of monies held by the 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of 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 accounts, including passbook accounts. Interim monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 6 - DEPOSITS AND INVESTMENTS (continued)**

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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At fiscal year end, the District had \$250 in undeposited cash on hand which is included on the Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Purchase Agreements".

Deposits

At fiscal year end, the carrying amount of the District's deposits was \$2,606,320 and the bank balance was \$2,381,783. Of the bank balance:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 6 - DEPOSITS AND INVESTMENTS (continued)**

1. \$300,000 was covered by federal depository insurance; and
2. \$2,081,783 was held in collateral pools with no specification for whom such funds are held which is considered to be uninsured and uncollateralized as defined by GASB Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

	<u>Category 3</u>	<u>Fair Value</u>
Overnight Repurchase Agreements	<u>\$1,880,000</u>	<u>\$1,880,000</u>
Total Investments	<u><u>\$1,880,000</u></u>	<u><u>\$1,880,000</u></u>

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$4,486,570	\$0
Investments of the Cash Management Pool:		
Overnight Repurchase Agreements	(1,880,000)	1,880,000
Cash on Hand	(250)	0
GASB Statement No. 3	<u><u>\$2,606,320</u></u>	<u><u>\$1,880,000</u></u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 7 - PROPERTY TAXES**

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

2002 Second Half

Real Property:

	<u>Residential/ Agriculture</u>	<u>Commercial/ Industrial</u>	<u>Public Utilities</u>
Wayne County	\$1,158,892,420	\$273,562,280	\$559,740
Medina County	5,652,300	8,269,770	1,820
Holmes County	27,602,230	3,157,090	0
Stark County	38,630	0	0
Ashland County	3,942,320	129,010	0
Grand Total	<u>\$1,196,127,900</u>	<u>\$285,118,150</u>	<u>\$561,560</u>
%	64.86%	15.46%	0.03%

Tangible Personal Property Tax:

	<u>General</u>	<u>Public Utilities</u>	<u>Total Assessed Value</u>
Wayne County	\$282,891,365	\$67,715,100	\$1,783,620,905
Medina County	2,936,920	544,510	17,405,320
Holmes County	6,103,350	1,423,980	38,286,650
Stark County	0	0	38,630
Ashland County	286,152	541,960	4,899,442
Grand Total	<u>\$292,217,787</u>	<u>\$70,225,550</u>	<u>\$1,844,250,947</u>
%	15.84%	3.81%	100.00%

Tax rate per \$1,000 of Assessed Valuation                      \$4.10

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 7 - PROPERTY TAXES (continued)**

2003 First Half

Real Property:

	Residential/ Agriculture	Commercial/ Industrial	Public Utilities
Wayne County	\$1,315,608,100	\$314,640,460	\$561,780
Medina County	6,025,930	9,339,890	1,920
Holmes County	28,086,470	3,282,860	0
Stark County	38,630	0	0
Ashland County	4,627,840	0	146,860
Grand Total	<u>\$1,354,386,970</u>	<u>\$327,263,210</u>	<u>\$710,560</u>
%	66.40%	16.04%	0.03%

Tangible Personal Property Tax:

	General	Public Utilities	Total Assessed Value
Wayne County	\$274,148,454	\$69,765,520	\$1,974,724,314
Medina County	3,136,825	632,700	19,137,265
Holmes County	7,651,860	1,510,170	40,531,360
Stark County	0	370	39,000
Ashland County	42,190	575,970	5,392,860
Grand Total	<u>\$284,979,329</u>	<u>\$72,484,730</u>	<u>\$2,039,824,799</u>
%	13.97%	3.55%	100.00%

Tax rate per \$1,000 of Assessed Valuation            \$4.10

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

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

The Wayne, Medina, Holmes, Stark and Ashland County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2003, is available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE 7 - PROPERTY TAXES (continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$256,144. The entire amount was available to the general fund. The amount available as an advance at June 30 is also reflected as a reservation of fund balance for future appropriations.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts, accrued interest and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
General Fund	\$18,062
Other Governmental Funds	<u>130,751</u>
Total Intergovernmental Receivables	<u>\$148,813</u>

**NOTE 9 - FIXED ASSETS**

The capital asset balances of the governmental activities have been restated due to errors and omissions in the amount previously reported as capital assets:

	<u>Balance</u>	<u>Additions/</u>	<u>Restated</u>
	<u>06/30/2002</u>	<u>(Deductions)</u>	<u>Balance</u>
			<u>06/30/2002</u>
Governmental Activities			
Capital assets, not being depreciated:			
Land	<u>\$631,834</u>	<u>(\$277,834)</u>	<u>\$354,000</u>
Total, capital assets, not being depreciated	<u>631,834</u>	<u>(277,834)</u>	<u>354,000</u>
Capital assets, being depreciated:			0
Land improvements	0	380,391	380,391
Buildings/improvements	4,665,767	478,294	5,144,061
Furniture/equipment	5,448,125	(2,745,727)	2,702,398
Vehicles	<u>431,005</u>	<u>(26,127)</u>	<u>404,878</u>
Total capital assets, being depreciated	<u>10,544,897</u>	<u>(1,913,169)</u>	<u>8,631,728</u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE 9 - FIXED ASSETS (continued)**

Less: accumulated depreciation	<u>(399,719)</u>	<u>(6,436,206)</u>	<u>(6,835,925)</u>
Governmental activities capital assets, net	<u>\$10,777,012</u>	<u>(\$8,627,209)</u>	<u>\$2,149,803</u>
<b>Business-Type Activities</b>			
Furniture/equipment	\$551,731	(\$551,731)	\$0
Less: accumulated depreciation	<u>(399,719)</u>	<u>399,719</u>	<u>0</u>
<b>Total</b>	<u>\$152,012</u>	<u>(\$152,012)</u>	<u>\$0</u>

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Balance</u> <u>07/01/2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/2003</u>
<b>Governmental Activities:</b>				
Land	\$354,000	\$0	\$0	\$354,000
Land Improvements	380,391	0	0	380,391
Buildings and Improvements	5,144,061	0	0	5,144,061
Furniture and Equipment	2,702,398	243,169	(26,024)	2,919,543
Vehicles	<u>404,878</u>	<u>0</u>	<u>0</u>	<u>404,878</u>
Totals at Historical Cost	<u>8,985,728</u>	<u>243,169</u>	<u>(26,024)</u>	<u>9,202,873</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(312,230)	(4,765)	0	(316,995)
Buildings and Improvements	(4,032,493)	(70,924)	0	(4,103,417)
Furniture and Equipment	(2,153,615)	(214,212)	24,589	(2,343,238)
Vehicles	<u>(337,587)</u>	<u>(29,597)</u>	<u>0</u>	<u>(367,184)</u>
Total Accumulated Depreciation	<u>(6,835,925)</u>	<u>(319,498)</u>	<u>24,589</u>	<u>(7,130,834)</u>
<b>Governmental Activities:</b>				
Capital Assets, Net	<u>\$2,149,803</u>	<u>(\$76,329)</u>	<u>(\$1,435)</u>	<u>\$2,072,039</u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 9 - FIXED ASSETS (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,508
Adult Continuing Education	2,595
Vocational	255,600
Other	871
Support Services:	
Pupil	1,327
Instructional Staff	1,215
Administration	4,712
Fiscal	752
Operation and Maintenance of Plant	17,086
Pupil Transportation	28,935
Food Service Operations	4,897
Total Depreciation Expense	<u>\$319,498</u>

**NOTE 10 - RISK MANAGEMENT**

General Insurance

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

Fidelity Bond

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

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.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 11 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the District from July 1, 2002 through June 30, 2003 were as follows:

	<u>Balance</u> <u>07/01/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2003</u>
Government Type Activities:				
Food Processing Building Loan				
0.00%, 12/02 - 12/07	\$48,387	\$0	(\$8,798)	\$39,589
Energy Conservation Loan				
5.25%, 11/93 - 11/03	73,444	0	(51,276)	22,168
Intergovernmental Payable	11,505	115,197	(11,505)	115,197
Compensated Absences Payable	<u>165,631</u>	<u>69,103</u>	<u>(165,631)</u>	<u>69,103</u>
Total Government Type Activities	<u>\$298,967</u>	<u>\$184,300</u>	<u>(\$237,210)</u>	<u>\$246,057</u>

The debt service fund is being used to repay both the Food Processing Building Loan and the Energy Conservation Loan. "Intergovernmental Payable" and "Compensated Absences Payable" will be paid from the fund from which the employee is paid. The Food Processing Building Loan is an interest free loan from the State of Ohio. The loan was made in fiscal year 1993 in the amount of \$181,111. In fiscal year 1994, the District was given approval to borrow monies under H.B. 264 for an Energy Retrofit Project. The District borrowed \$418,705 from First National Bank at a stated rate of interest of 5.25 percent. Principal and interest requirements to maturity for the loans are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$30,718	\$293	\$31,011
2005	8,798	0	8,798
2006	8,798	0	8,798
2007	8,798	0	8,798
2008	<u>4,398</u>	<u>0</u>	<u>4,398</u>
Total	<u>\$61,510</u>	<u>\$293</u>	<u>\$61,803</u>

Both loans are backed by the full faith and credit of the District.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2003**

**NOTE 12 - INTERFUND TRANSACTIONS**

The composition of interfund receivable/payable as of June 30, 2003 on the Balance Sheet is as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$270,354	\$0
Special Revenue		
Able Jobs	0	42,556
Title I	0	159,741
Innovative Programs	0	3,070
Vocational Education	0	51,142
Full Service Center	0	2,700
Professional Development Grant	0	250
Career Development	0	6,120
Safe/Drug Free Schools	0	1,594
Improving Teacher Quality	0	3,181
Total Special Revenue	0	270,354
Total	\$270,354	\$270,354

Interfund transfers for the year ended June 30, 2003, consisted of the following, as reported on the fund statements:

Interfund Transfers	Transfers In	Transfers Out
General		\$64,234
Special Revenue		
Adult Education	1,525	
Debt Service	62,709	
Total	\$64,234	\$64,234

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 13 - RETIREMENT PLANS**

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS Ohio), a cost-sharing multiple employer defined benefit pension plan. SERS Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS Ohio 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 or by calling (614)222-5853.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 13 - RETIREMENT PLANS (continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2003, 4.20 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Ohio Retirement Board. The District's required contributions for pension obligations to SERS Ohio for the fiscal years ended June 30, 2003, 2002 and 2001 were \$98,574, \$51,545 and \$66,958, respectively; \_\_\_ percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal years 2002 and 2001. \$73,106, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credit service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of the STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 13 - RETIREMENT PLANS (continued)**

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of three percent of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2003, were 9.5 percent of covered payroll for members and 14 percent for employers. The District's contributions to STRS Ohio for the fiscal years ended June 30, 2003, 2002 and 2001 were \$511,748, \$513,502 and \$511,770, respectively; 89.70 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$77,381 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

The STRS Ohio issues a stand-alone financial report. Copies of the STRS Ohio's 2002 *Comprehensive Annual Financial Report* will be available after January 1, 2003, and can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614)227-4090.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System of Ohio (SERS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 14 - POSTEMPLOYMENT BENEFITS (continued)**

The State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$243,238 during fiscal 2003.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2002 (the latest information available). For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$300,772,000 and STRS Ohio had 102,132 eligible benefit recipients statewide.

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

For this fiscal year, employer contributions to fund health care benefits were 9.80 percent of covered payroll. In addition, SERS Ohio levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay had been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2002, SERS Ohio had net assets available for payment of health care benefits of \$315.7 million. SERS Ohio has approximately 50,000 participants statewide currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$130,252 during fiscal 2003.

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

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



**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATION**

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services.

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

**NOTE 17 - CONTINGENCIES**

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

Litigation

The District is party to legal proceedings. The District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

**NOTE 18 - STATE SCHOOL FUNDING DECISION**

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

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

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2003**

**NOTE 19 - REQUIRED BUDGET SET ASIDES**

The District is required by State statute to annually set aside in the General Fund, an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts may also be set aside for a budget stabilization reserve and used to offset any future budget deficit.

The following information describes the changes in the amounts set aside for budget stabilization, textbooks and instructional materials and capital improvements from the end of the prior fiscal year to the end of the current fiscal year.

	Budget Stabilization Set Aside	Textbook Set Aside	Capital Improvements Set Aside
Set Aside Cash Balance as of June 30, 2002	\$277,462	\$0	\$0
Current Year Set Aside Requirement	0	97,612	97,612
Current Year Offsets	0	0	0
Qualifying Disbursements	0	(464,781)	(168,183)
Total	<u>\$277,462</u>	<u>(\$367,169)</u>	<u>(\$70,571)</u>
Balance Carried Forward to Fiscal Year 2004	<u>\$277,462</u>	<u>\$367,169</u>	<u>\$0</u>
Cash Balance at June 30, 2003	<u>\$277,462</u>	<u>\$0</u>	<u>\$0</u>

The District has qualifying disbursements and offsets during the fiscal year that reduced the amount to below zero for the textbook instructional material set-aside. This extra amount may be used to reduce the set-aside requirement of future years. Although the District had qualifying disbursements during the fiscal year that reduces the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.

Amounts remaining at fiscal year end are represented by cash and cash equivalents and are presented as Restricted Assets on the Balance Sheet. Corresponding amounts are reported as reserves of fund balance.

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**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. Department of Agriculture Pass Through Ohio Department of Education:						
Child Nutrition Cluster						
National School Lunch	LLP4-02-03	10.555	\$ 37,292	\$ 0	\$ 37,292	\$ 0
Food Distribution Program (Commodities)		10.550	<u>0</u>	<u>24,968</u>	<u>0</u>	<u>27,676</u>
Total Child Nutrition Cluster			<u>37,292</u>	<u>24,968</u>	<u>37,292</u>	<u>27,676</u>
Total U.S. Department of Agriculture			<u>37,292</u>	<u>24,968</u>	<u>37,292</u>	<u>27,676</u>
U.S. Department of Education Pass Through the Ohio Department Of Education:						
Adult and Community Education						
Adult Education	AB-S2-02-03	84.002	<u>233,182</u>	<u>0</u>	<u>233,182</u>	<u>0</u>
Total Adult Education			<u>233,182</u>	<u>0</u>	<u>233,182</u>	<u>0</u>
Vocational Education Basic Grants To States		84.048				
	20-AD-2001		21,824	0	21,824	0
	20-AO-2002		3,705	0	3,705	0
	20-C1-2002		40,625	0	40,625	0
	20-C1-2003		246,448	0	246,448	0
	20-C2-2003		<u>70,764</u>	<u>0</u>	<u>70,764</u>	<u>0</u>
Total Vocational Education Basic Grants to States			<u>383,366</u>	<u>0</u>	<u>383,366</u>	<u>0</u>

continued

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
WAYNE COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Noncash Receipts</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
Even Start - Family Literacy		84.213				
Even Start - FY 2002	EV-S1-2002		180,000	0	180,000	0
Even Start - FY 2003	EV-S2-2003		240,259	0	240,259	0
Even Start - FY 2001	EV-S1-2001		<u>13,717</u>	<u>0</u>	<u>13,717</u>	<u>0</u>
Total Even Start			<u>433,976</u>	<u>0</u>	<u>433,976</u>	<u>0</u>
Eisenhower/Math Science	MS-S1-2002	84.281	<u>245</u>	<u>0</u>	<u>245</u>	<u>0</u>
Total Eisenhower			245	0	245	0
Drug Free Schools	DR-S1-2003	84.186	<u>350</u>	<u>0</u>	<u>350</u>	<u>0</u>
Total Drug Free Schools			350	0	350	0
Innovative Education Program						
Title VI FY 01	C2-S1-2001	84.298	2,351	0	2,351	0
Title VI FY 02	C2-S1-2002		2,587	0	2,587	0
Title VI FY 03	C2-S1-2003		<u>674</u>	<u>0</u>	<u>674</u>	<u>0</u>
Total Innovative Education Program			5,612	0	5,612	0
Improving Teacher Quality	TR-S1-2003	84.367	<u>698</u>	<u>0</u>	<u>698</u>	<u>0</u>
Total Improving Teacher Quality			698	0	698	0
Total U.S. Dept. of Education Pass Through Ohio Dept. of Educ.			<u>1,057,429</u>	<u>0</u>	<u>1,057,429</u>	<u>0</u>
Tech Prep Education		84.243				
Horticulture			<u>8,518</u>	<u>0</u>	<u>8,518</u>	<u>0</u>
Total Tech Prep Education			8,518	0	8,518	0
Adult Vocational Training		84.048	<u>94,630</u>	<u>0</u>	<u>94,630</u>	<u>0</u>
Total Adult Vocational			94,630	0	94,630	0
Student Financial Assistance Cluster:						
PELL Grant	N/A	84.063	<u>277,690</u>	0	<u>277,690</u>	0
Total Student Financial Assistance Cluster			<u>277,690</u>	<u>0</u>	<u>277,690</u>	<u>0</u>
Total U.S. Department of Education			<u>1,438,267</u>	<u>0</u>	<u>1,438,267</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,475,559</u>	<u>\$ 24,968</u>	<u>\$ 1,475,559</u>	<u>\$27,676</u>

*The notes to the Schedule of Federal Award Expenditures are an integral part of this statement.*

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the School District had no food commodities in inventory.

**NOTE C - FEDERAL PELL GRANT**

The Pell Grant is recorded as tuition.

N/A - Not Applicable

CFDA - Catalog of Federal Domestic Assistance

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## Accountants and Consultants

### **REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Wayne County Joint Vocational School District  
Wayne County  
518 West Prospect Street  
Smithville, OH 44677

To the Board of Education:

We have audited the basic financial statements of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

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

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

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 31, 2003.



Wayne County Joint Vocational School District  
Wayne County  
Report of Independent Accountants  
on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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Orrville, Ohio  
December 31, 2003

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## Accountants and Consultants

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

Wayne County Joint Vocational School District  
Wayne County  
518 West Prospect Street  
Smithville, OH 44677

To the Board of Education:

#### **Compliance**

We have audited the compliance of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contract and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

### **Internal Control Over Compliance**

The management of the School district is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

KNOX & KNOX

Orrville, Ohio  
December 31, 2003

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
WAYNE COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 Sect.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sect. 510?	No
(d)(1)(vii)	Major programs (list):	Vocational Ed., CFDA # 84.048 Adult Voc.Train. CFDA#84.048 Even Start CFDA #84.213
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NONE

**3. FINDINGS FOR FEDERAL AWARDS**

NONE



**Auditor of State  
Betty Montgomery**

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**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 4, 2004**