

# **Lorain County Joint Vocational School District**

**Basic Financial Statements  
June 30, 2007**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Lorain County Joint Vocational School District  
15181 Route 58 South  
Oberlin, Ohio 44074

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 7, 2008

**This Page is Intentionally Left Blank.**

# Lorain County Joint Vocational School District

For The Year Ended June 30, 2007

<u>Table of Contents</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet–Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Budgetary Basis) and Actual– General Fund.....	18
Statement of Fund Net Assets – Internal Service Fund.....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund .....	20
Statement of Cash Flows – Internal Service Fund.....	21
Statement of Fiduciary Net Assets – Agency Fund.....	22
Notes to Basic Financial Statements.....	24

# Lorain County Joint Vocational School District

For The Year Ended June 30, 2007

<u>Table of Contents</u>	<u>Page</u>
Report on Internal Control Over Financial Reporting Based and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	46
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	48
Schedule of Expenditures of Federal Awards .....	50
Notes to Schedule of Expenditures of Federal Awards.....	51
Schedule of Findings OMB Circular A-133 Section .505 .....	52
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	53

## Independent Auditors' Report

Board of Education  
Lorain County Joint Vocational School District  
Oberlin, Ohio

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the Lorain County Joint Vocational School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education  
Lorain County Joint Vocational School District

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
December 17, 2007



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

---

As management of the Lorain County Joint Vocational School (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here, in conjunction with additional information we have provided in the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's financial performance. This discussion and analysis of the District's financial performance is intended to serve as an introduction to the District's basic financial statements, and provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The District's basic financial statements are comprised of the three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- In total, net assets increased \$ 2,726,891 in the governmental activities.
- General revenues accounted for \$ 19,803,818 in revenue or 87.7 percent of total revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$ 2,780,685 or 12.3 percent of total revenues of \$ 22,584,503.
- The District had \$19,857,612 in expenses related to governmental activities; only \$ 2,780,685 of these expenses were offset by program specific charges for services, operating grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$ 19,803,818 were used to provide for these programs along with cash balances from prior years.

### **Using the Basic Financial Statements**

This report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity.

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

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

---

### Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during 2007?"

The *Statement of Net Assets* and *Statements of Activities*, which appear first in the District's basic financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the Statement of Net Assets and the Statements of Activities, the District is combined into one activity:

- Governmental Activities – All of the District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

### Reporting the District's Most Significant Funds

#### Fund Financial Statements

The analysis of the District's major fund begins on page 14. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major fund.

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

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

**The District as a Whole**

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

(Table 1)  
**Net Assets**

	<u>2007</u>	<u>2006</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$ 25,796,921	\$ 21,872,574	\$ 3,924,347
Total capital assets, net	<u>8,030,027</u>	<u>7,936,280</u>	<u>93,747</u>
Total assets	<u>33,826,948</u>	<u>29,808,854</u>	<u>4,018,094</u>
<b>Liabilities</b>			
Current liabilities	13,032,944	11,757,604	1,275,340
Long term liabilities			
Due within one year	223,245	243,410	(20,165)
Due in more than one year	<u>2,371,255</u>	<u>2,335,227</u>	<u>36,028</u>
Total liabilities	<u>15,627,444</u>	<u>14,336,241</u>	<u>1,291,203</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	8,030,027	7,936,280	93,747
Restricted	2,976,108	1,326,191	1,649,917
Unrestricted	<u>7,193,369</u>	<u>6,210,142</u>	<u>983,227</u>
Total net assets	<u>\$ 18,199,504</u>	<u>\$ 15,472,613</u>	<u>\$ 2,726,891</u>

Total assets increased by \$ 4,018,094. This was primarily due to an increase in equity in pooled cash, property tax receivable and cash with fiscal agent. Total liabilities increased \$1,291,203 mainly because of a \$ 1,776,641 increase in unearned revenue caused by a decreased amount of property taxes available for advance at fiscal year end 2007 and a \$ 399,640 decrease in claims payable due a change in the health care benefits.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

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

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

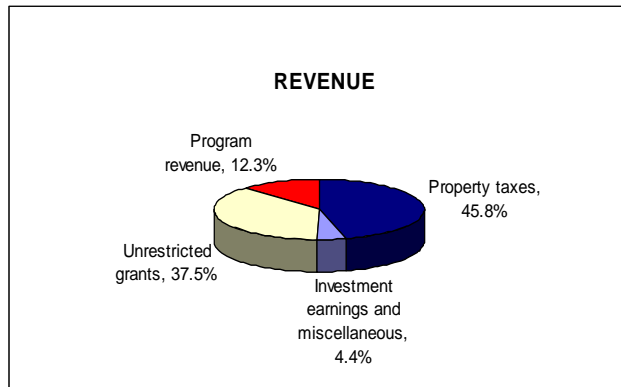
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services and sales	\$ 1,368,594	\$ 1,223,126	\$ 145,468
Operating grants, interest and contributions	1,412,091	1,561,514	(149,423)
Total program revenues	<u>2,780,685</u>	<u>2,784,640</u>	<u>(3,955)</u>
General revenues			
Property taxes	10,297,019	10,525,408	(228,389)
Grants and entitlements not restricted to specific purposes	8,477,959	8,216,357	261,602
Investment earnings	633,733	436,973	196,760
Miscellaneous	395,107	168,205	226,902
Total general revenues	<u>19,803,818</u>	<u>19,346,943</u>	<u>456,875</u>
Total revenues	<u>22,584,503</u>	<u>22,131,583</u>	<u>452,920</u>
Program expenses			
Instruction			
Regular	1,532,438	1,596,086	(63,648)
Special	22,349	11,691	10,658
Vocational	9,016,516	9,296,981	(280,465)
Adult/continuing	1,279,131	1,197,397	81,734
Supporting services			
Pupil	1,144,958	1,194,596	(49,638)
Instructional staff	1,163,099	1,469,339	(306,240)
Board of education	30,343	28,742	1,601
Administration	1,434,666	1,384,974	49,692
Fiscal services	656,790	694,560	(37,770)
Business	116,395	183,262	(66,867)
Operation and maintenance	2,448,454	2,618,843	(170,389)
Pupil transportation	69,699	35,150	34,549
Central services	258,401	186,556	71,845
Operation of non-instructional Extracurricular activities	444,084	575,137	(131,053)
	240,289	239,889	400
Total expenses	<u>19,857,612</u>	<u>20,713,203</u>	<u>(855,591)</u>
Change in net assets	2,726,891	1,418,380	1,308,511
Net assets at beginning of year	15,472,613	14,054,233	1,418,380
Net assets at end of year	<u>\$ 18,199,504</u>	<u>\$ 15,472,613</u>	<u>\$ 2,726,891</u>

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

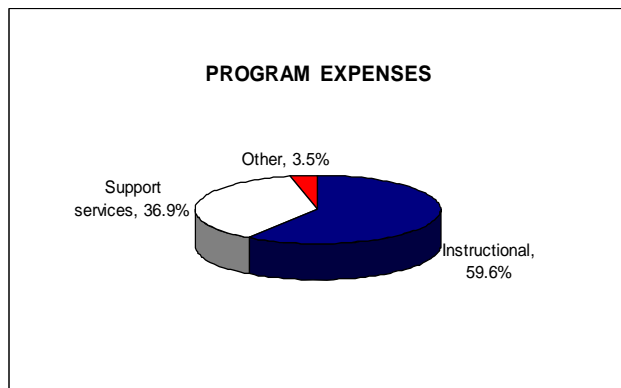
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
Unaudited

**Governmental Activities**

Several revenue sources fund our governmental activities with property taxes being the largest contributor; \$ 10,297,019 or 45.8 percent. Grants and entitlements not restricted to a specific program of \$ 8,477,959 made up 37.5 percent of revenues for governmental activities of the District for fiscal year 2007. The remaining amounts of revenue were in the form of program revenues, which equated to \$ 2,780,685 or 12.3 percent of total revenue and investment earning and miscellaneous revenues of \$ 1,028,840 or 4.4 percent.



Instruction expenses comprise \$11,850,434 or 59.6 percent of governmental program expenses. Support services expenses make up \$7,322,805 or 36.9 percent of governmental expenses. Other expenses totaled \$ 684,373 or 3.5 percent of governmental expenses.



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

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

(Table 3)  
**Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program expenses		
Instruction		
Regular	\$ 1,532,438	\$ (1,532,438)
Special	22,349	(22,349)
Vocational	9,016,516	(8,621,584)
Adult education	1,279,131	306,102
Supporting services		
Pupil	1,144,958	(853,303)
Instructional staff	1,163,099	(893,046)
Board of education	30,343	(30,343)
Administration	1,434,666	(1,429,666)
Fiscal services	656,790	(656,790)
Business	116,395	(116,395)
Operation and maintenance	2,448,454	(2,448,454)
Pupil transportation	69,699	(69,699)
Central services	258,401	(255,401)
Operation of non-instructional	444,084	(213,272)
Extracurricular activities	240,289	(240,289)
Total expenses	<u>\$ 19,857,612</u>	<u>\$(17,076,927)</u>

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

---

**The District's Funds**

Information about the District's major fund, the General Fund, starts on page 14. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$23,758,996 and expenditures and other financing uses of \$22,311,155. The net change in fund balance for the year was most significant in the general fund, an increase of \$523,828. This increase was primarily due to increased intergovernmental revenue, tuition and fees, and property tax revenue assisted by a decrease in expenditures.

**General Fund – Budget Highlights**

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

During the course of fiscal year 2007, the District amended its general fund budget throughout the fiscal year. Requests for budget changes are made by the building administrators. Final approval is obtained from the treasurer and superintendent and is presented to the Board of Education for their adoption.

For the General Fund, budget basis revenue of \$18,925,500 was amended upward from the original budget of \$18,690,616 during fiscal year 2007. The \$261,884 difference was due to conservative tax estimates.

The original appropriations of \$23,523,000 were increased to the final budget \$ 23,721,077. Expenditures, however, were only \$19,753,343 or \$3,967,734 less than anticipated due to surplus appropriations and frugal spending, in regular and vocational instruction, pupil services, administrative, and plant operation and maintenance, extracurricular costs, and capital outlay.

The District's ending unobligated budgetary fund balance of \$ 8,303,163 was \$5,374,626 above the final budgeted amount of \$ 2,928,537.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Unaudited

---

**Capital Assets**

At the end of fiscal year 2007, at historical cost, the District had \$ 22,456,071 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, and infrastructure as compared to \$ 21,955,163 in 2006; all of which was related to governmental activities. Table 4 shows fiscal year 2007 net balances compared to 2006:

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

	2007	2006
Land	\$ 138,000	\$ 138,000
Construction in process	34,913	95,050
Land improvements	74,486	81,204
Building and improvements	5,542,285	5,354,896
Furniture and equipment	1,530,368	1,569,420
Vehicles	63,607	48,063
Infrastructure	646,368	649,647
Total capital assets	<u>\$ 8,030,027</u>	<u>\$ 7,936,280</u>

Net capital assets increased \$93,747 from the prior year. This was primarily due to an increase in purchases of buildings and improvements for use in vocational education.

For more information on capital assets, refer to the notes to the basic financial statements (See Note 8).

**Current Issues**

The District is financially stable and has been over the past decade. The District is very proud of the fact that only one additional operating levy has been needed since the District began operations in 1971. Sound fiscal policy and strong leadership has combined with favorable community support to make the District one of Ohio's best vocational schools.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact William Lilley, Treasurer, at 15181 Route 58 South, Oberlin, Ohio 44074, or call at (440) 774-1051.



**This page intentionally left blank.**

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash	\$ 11,284,497
Cash with fiscal agent	1,191,168
Accounts receivable	31,945
Accrued interest	117,611
Due from other governments	62,796
Inventory	140,721
Taxes receivable	12,968,183
Capital assets:	
Nondepreciable capital assets	172,913
Depreciable capital assets, net	7,857,114
<b>Total assets</b>	<b>33,826,948</b>
 <b>Liabilities</b>	
Accounts and contracts payable	179,555
Accrued salaries, wages and benefits	2,219,353
Due to other governments	186,385
Unearned revenue	10,447,651
Long term liabilities:	
Due within one year	223,245
Due in more than one year	2,371,255
<b>Total liabilities</b>	<b>15,627,444</b>
 <b>Net assets</b>	
Invested in capital assets, net of related debt	8,030,027
Restricted for:	
Capital projects	1,543,120
Other purposes	1,432,988
Unrestricted	7,193,369
<b>Total net assets</b>	<b>\$ 18,199,504</b>

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants Interest and Contributions	
Governmental activities				
Instruction				
Regular	\$ 1,532,438	\$ -	\$ -	\$ (1,532,438)
Special	22,349	-	-	(22,349)
Vocational	9,016,516	94,932	300,000	(8,621,584)
Adult education	1,279,131	1,141,776	443,457	306,102
Supporting services				
Pupil	1,144,958	-	291,655	(853,303)
Instructional staff	1,163,099	-	270,053	(893,046)
Board of education	30,343	-	-	(30,343)
Administration	1,434,666	-	5,000	(1,429,666)
Fiscal services	656,790	-	-	(656,790)
Business	116,395	-	-	(116,395)
Operation and maintenance	2,448,454	-	-	(2,448,454)
Pupil transportation	69,699	-	-	(69,699)
Central services	258,401	-	3,000	(255,401)
Operation of non-instructional	444,084	131,886	98,926	(213,272)
Extracurricular activities	240,289	-	-	(240,289)
Totals	<u>\$ 19,857,612</u>	<u>\$ 1,368,594</u>	<u>\$ 1,412,091</u>	<u>(17,076,927)</u>

General revenues:

Property taxes levied for:

General purpose	10,297,019
Grants and entitlements not restricted to specific purpose:	8,477,959
Investment earnings	633,733
Miscellaneous	395,107
Total general revenues	<u>19,803,818</u>

Change in net assets	2,726,891
Net assets at beginning of year	15,472,613
Net assets at end of year	<u>\$ 18,199,504</u>

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in pooled cash	\$ 8,709,961	\$ 2,574,536	\$ 11,284,497
Receivables, net of allowance			
Taxes, current	12,637,877	-	12,637,877
Taxes, delinquent	330,306	-	330,306
Accounts and other	-	31,945	31,945
Accrued interest	117,611	-	117,611
Due from other governments	2,631	60,165	62,796
Interfund receivable	15,798	-	15,798
Inventory	17,967	122,754	140,721
<b>Total assets</b>	<b>\$ 21,832,151</b>	<b>\$ 2,789,400</b>	<b>\$ 24,621,551</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts and contracts payable	\$ 126,704	\$ 52,851	\$ 179,555
Accrued wages and benefits	2,079,357	139,996	2,219,353
Due to other governments	178,670	7,715	186,385
Interfund payable	-	15,798	15,798
Unearned revenue	10,808,652	47,115	10,855,767
Compensated absences	82,538	17,869	100,407
<b>Total liabilities</b>	<b>13,275,921</b>	<b>281,344</b>	<b>13,557,265</b>
<b>Fund balances</b>			
Reserved for property taxes	2,190,226	-	2,190,226
Reserved for inventory	17,967	122,754	140,721
Reserved for encumbrances	309,215	363,581	672,796
Unreserved, reported in			
General Fund	6,038,822	-	6,038,822
Special Revenue Funds	-	839,064	839,064
Capital Projects Funds	-	1,182,657	1,182,657
<b>Total fund balances</b>	<b>8,556,230</b>	<b>2,508,056</b>	<b>11,064,286</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,832,151</b>	<b>\$ 2,789,400</b>	<b>\$ 24,621,551</b>

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

Total governmental funds balances		\$ 11,064,286
Amount 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 not reported in the funds.		8,030,027
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 330,306	
Accrued interest	28,064	
Due from other governments	49,746	
		408,116
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,191,168
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(2,494,093)
Net assets of governmental activities		\$ 18,199,504

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 10,265,426	\$ -	\$ 10,265,426
Tuition and fees	94,932	1,162,415	1,257,347
Interest	603,365	-	603,365
Intergovernmental	8,531,757	1,494,747	10,026,504
Other	395,107	111,247	506,354
<b>Total revenues</b>	<b>19,890,587</b>	<b>2,768,409</b>	<b>22,658,996</b>
<b>Expenditures</b>			
<b>Current</b>			
<b>Instruction</b>			
Regular	1,682,497	-	1,682,497
Special	22,349	-	22,349
Vocational	9,077,000	294,075	9,371,075
Adult education	-	1,280,403	1,280,403
<b>Supporting services</b>			
Pupil	953,910	284,772	1,238,682
Instructional staff	1,186,839	169,491	1,356,330
Board of education	30,343	-	30,343
Administration	1,504,650	13,616	1,518,266
Fiscal services	699,131	-	699,131
Business	147,674	-	147,674
Operation and maintenance	2,273,996	466,014	2,740,010
Pupil transportation	63,746	-	63,746
Central services	256,729	3,000	259,729
<b>Operation of non-instructional</b>			
Food service operation	32,957	-	32,957
Community services	-	433,025	433,025
Extracurricular activities	258,811	-	258,811
Capital outlay	26,127	-	26,127
<b>Total expenditures</b>	<b>18,216,759</b>	<b>2,944,396</b>	<b>21,161,155</b>
Excess (deficiency) of revenues over expenditures	1,673,828	(175,987)	1,497,841
<b>Other financing sources (uses)</b>			
Transfers-in	-	1,100,000	1,100,000
Other miscellaneous use of funds	(50,000)	-	(50,000)
Transfers-out	(1,100,000)	-	(1,100,000)
<b>Total other financing sources (uses)</b>	<b>(1,150,000)</b>	<b>1,100,000</b>	<b>(50,000)</b>
<b>Net change in fund balances</b>	<b>523,828</b>	<b>924,013</b>	<b>1,447,841</b>
Fund balances, beginning of year	8,032,402	1,584,043	9,616,445
<b>Fund balances, end of year</b>	<b>\$ 8,556,230</b>	<b>\$ 2,508,056</b>	<b>\$ 11,064,286</b>

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds \$ 1,447,841

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

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

	Capital outlay, net	\$ 626,588		
	Depreciation expense	<u>(532,841)</u>		
				93,747

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

	Property taxes	31,593		
	Accrued interest receivable	479		
	Due from other governments	<u>(136,455)</u>		(104,383)

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

4,789

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

1,284,897

Change in net assets of governmental activities

\$ 2,726,891

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET BASIS (NON-GAAP) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue and other financing sources	\$ 18,690,616	\$ 18,952,500	\$ 20,359,392	\$ 1,406,892
Expenditures and other financing uses	23,523,000	23,721,077	19,753,343	3,967,734
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,832,384)	(4,768,577)	606,049	5,374,626
Fund balances, beginning of year	7,209,873	7,209,873	7,209,873	-
Prior year encumbrances	487,241	487,241	487,241	-
Fund balances, end of year	<u>\$ 2,864,730</u>	<u>\$ 2,928,537</u>	<u>\$ 8,303,163</u>	<u>\$ 5,374,626</u>

See the accompanying notes to the Basic Financial Statements.



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF FUND NET ASSETS -  
INTERNAL SERVICE FUND

JUNE 30, 2007

	<u>Self Insurance</u>
Assets	
Current assets	
Cash with fiscal agent	\$ 1,191,168
Total assets	<u>1,191,168</u>
 Net assets	
Unrestricted	1,191,168
Total net assets	<u>\$ 1,191,168</u>

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Self Insurance</u>
Operating revenues	
Charges for services	\$ 2,349,140
Operating expenses	
Purchased services	83,102
Claims	1,011,030
Total operating expenses	1,094,132
Operating income	1,255,008
Nonoperating revenues	
Interest income	29,889
Change in net assets	1,284,897
Net assets, beginning of year	(93,729)
Net assets, end of year	\$ 1,191,168

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	Self Insurance
Cash flows from operating activities	
Cash received from interfund services	\$ 2,351,433
Cash payments for claims	(1,412,963)
Cash payments for goods and services	(83,102)
Net cash provided by operating activities	855,368
 Cash flows from investing activities	
Interest income	29,889
Net cash provided by investing activities	29,889
 Net increase in cash and cash equivalents	885,257
 Cash and cash equivalents, beginning of year	305,911
 Cash and cash equivalents, end of year	\$ 1,191,168
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,255,008
Adjustments	
Decrease in claims payable	(399,640)
Total adjustments	(399,640)
 Net cash provided by operating activities	\$ 855,368

See the accompanying notes to the Basic Financial Statements.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND

JUNE 30, 2007

Assets	
Equity in pooled cash	\$ 42,748
Total assets	<u>42,748</u>
Liabilities	
Accounts payable	10
Due to students	42,738
Total liabilities	<u>\$ 42,748</u>

See the accompanying notes to the Basic Financial Statements.

**This page intentionally left blank.**

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF ENTITY

REPORTING ENTITY:

The Lorain County Joint Vocational School District (the District) is a school district corporation established with rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The District is governed by an elected Board of Education comprised of representatives from each participating school district. Average daily membership on, or as of, October 1, 2006 was 1,195. The District employs 143 certificated and 42 non-certificated employees.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present all funds of the primary government. The primary government consists of all funds, departments, boards, organizations, and agencies that are not legally separate for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; 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 or the levying of taxes. Based on the foregoing criteria, the District has no component units.

The District is associated with and participates in the Lake Erie Educational Computer Association (LEECA) and Lake Erie Regional Council (LERC), which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Notes 6 and 13.

Management believes the basic financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operational control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION (continued)

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 the fiduciary fund. The statements present those activities of the District that are governmental activities. The District has no business-type activities.

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

B. FUND ACCOUNTING

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balance 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 is the District's major governmental fund:

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

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income (loss), changes in net assets, financial position and cash flow. Proprietary funds are classified as enterprise or internal services. The District has no enterprise funds.

Internal Service Fund – The internal service fund accounts for the financing of services provide by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for the activities of the self insurance (pool) program.

Fiduciary Funds

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

C. MEASUREMENT FOCUS

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

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 assets. The statement of cash flow provides information about how the District finances and meets the cash flow needs of its proprietary activities.



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS (continued)

Fiduciary funds are reported using the economic resources measurement focus and are excluded from the government-wide statements.

D. BASIS OF ACCOUNTING

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

Revenue – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the 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 a non-exchange transaction 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 year-end: property taxes available for advance, grants, interest, tuition, and student fees. Related receivables at June 30, 2007 are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable condition of the State programs, and the guarantee of federal funds.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

Expenses/Expenditures

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

E. INTERFUND BALANCES

On fund financial statements, outstanding interfund loans are reported as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the statement of net assets (See Note 7).

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws other governments or imposed by enabling legislation.

G. 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. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when used.

H. CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair market values as of the date received. The District maintains a capitalization threshold of three thousand five hundred dollars. 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.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. CAPITAL ASSETS (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	15 - 30 years
Furniture, fixtures and equipment	7 - 20 years
Vehicles	5 - 10 years
Infrastructure	30 years

I. COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation is attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. The liability is calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated balances as of June 30, 2007. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy (See Note 9).

J. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is matured and payable at year end, using expendable available financial resources. These amounts, if significant, 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 fund statements. The entire compensated absences liability is reported on the government-wide statements.

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

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.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. FUND BALANCE RESERVES

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

The reserve for property taxes represents taxes recognized as revenue under GAAP but not available for appropriation under State statute for fiscal year 2007. The reserve for inventory represents assets that are not available to be spent against future obligations.

L. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. 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 government-wide statement of net assets reports \$ 2,976,108 of restricted net assets, of which \$ 241,820 is restricted by enabling legislation.

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

M. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as revenues in the seller fund 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. Transfers between governmental activities on the Statement of Activities are eliminated. Interfund transfers are reported as other financing sources/uses in governmental funds and other nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. OPERATING REVENUES AND EXPENSES

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

O. ESTIMATES

The preparation of financial statements in conformity with GAAP 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.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. BUDGETARY PROCESS

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year (See Note 4).

Q. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. No prepaids were recorded.

R. CASH AND CASH EQUIVALENTS

Cash received by the District is deposited in one pooled central bank account to improve cash management with individual fund balance integrity maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the financial statements. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAROhio) or other short term investments. STAROhio is an investment pool managed by the State Treasurer's Office of Ohio. Governments within the State are allowed to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at its share price on June 30, 2007. Under existing Ohio statutes, interest earnings are allocated to funds based on average monthly cash balances. Interest income was earned and credited to the General Fund for the year ended June 30, 2007 totaled \$603,365, which includes \$ 119,220 assigned from other funds.

Investments and demand deposits of the pooled cash with an original maturity of three months or less are considered to be cash and cash equivalents as presented on the financial statements and are reported at cost or amortized cost. Investments are reported at fair value, which is based on quoted market prices. STAROhio is reported at the share price which the investment could have been sold for on June 30, 2007. (See Note 5).

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3 - DEFICIT FUND BALANCE

At June 30, 2007, the Miscellaneous State Grant Fund had a deficit fund balance of \$ 2,000, the Perkins Fund had a deficit fund balance of \$ 324, and the ABLE Fund had a deficit fund balance of \$ 5,589. The General Fund is liable for deficits in the funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The Board of Education is required, by Ohio Revised Code, to adopt an annual budget in accordance with the following:

Tax Budget: - A budget of estimated cash receipts and disbursements is adopted prior to January 15 by the board. A budget of estimated revenue and expenditures is submitted to the county auditor, as secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the District. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to fiscal year end, the District must revise its budget so that the total contemplated expenditures from a fund during the year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying "Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) – General Fund", do include July 1, 2006 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported in the budgetary statements reflect the final budget figures.

Appropriations - Appropriations may be defined as expenditure authorization and are synonymous with budget within the Budget and Actual presentations. A temporary appropriation measure to control the cash disbursements may be passed prior to passage of the annual appropriation measure. An annual appropriation measure must be passed for the current fiscal year by October 1 of each budget year. The appropriation measure may be amended or supplemented during the year as new information becomes available. Management has Board of Education approval to amend or supplement appropriations so long as appropriations do not exceed available resources at the fund level. Several amendments and supplements were enacted during the fiscal year. The amounts reported in the budgetary statements reflect final amended appropriations. Appropriations may not exceed estimated resources and expenditures plus encumbrances may not exceed appropriations at the fund level.

Lapsing of Appropriation - At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the fund financial statements, encumbrances outstanding at year end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

Budgetary Basis of Accounting - Although reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – General Fund" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

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) rather than when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than a reservation of fund balance for governmental funds.

Adjustments necessary to convert the results of operations for the major General fund at the end of the year on the budget basis to the GAAP basis are as follows:

Net Change in Fund Balance	
	General Fund
Budget basis	\$ 606,049
Adjustments, increase (decrease)	
Revenue accruals	(468,805)
Expenditure accruals	386,584
GAAP basis, as reported	\$ 523,828

NOTE 5 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. 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 treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, the carrying amount of the District's deposits was \$11,203,166 and the bank balance was \$11,400,800. Of the bank balance, \$105,164 was covered by federal depository insurance. The remainder was collateralized with securities held by the pledging financial institution, or its trust department or agent in the District's name. Although there are securities serving as collateral held by the pledging financial institution's trust department or agent in the District's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC. The District had \$ 1,191,168 of cash with fiscal agent.

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



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than two years.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk - STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk - The School District places no limit on the amount it may invest in any one issuer. As of June 30, 2007, the District had the following investments:

	Maturities (Yrs)	Fair Value
Investment in State Treasurer's Investment Pool	n/a	\$ 124,079

STAROhio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 6 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATION COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly.

The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County which serves as fiscal agent at 1885 Lake Avenue, Elyria, Ohio.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - JOINTLY GOVERNED ORGANIZATIONS

B. LAKE ERIE REGIONAL COUNCIL (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

The LERC's shared risk pool premiums are billed to each participating school district based on actuarially determined rates. Should contributions prove to be insufficient to pay program costs of the insurance program for any fiscal year, each participating member is notified of the deficiency and billed for its share of the additional cost.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County at 1885 Lake Avenue, Elyria, Ohio.

During fiscal year 2007, the District paid approximately \$2,791,941 to LEECA and LERC.

NOTE 7 - INTERFUND TRANSACTIONS

A. TRANSFERS

The general fund reported transfers out of \$1,100,000 to the capital projects fund at June 30, 2007. The transfers represent the monies provided by the general fund to help support future capital projects in the District.

B. BALANCES

The interfund payables are advances for grant monies that were not received by fiscal year end. The District expects to receive the grant monies within the next fiscal year, at which time the advances will be repaid.

Interfund balances at June 30, 2007, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General	\$ 15,798	\$ -
Non major Funds		
Ohio Core	-	2,000
ABLE	-	4,798
Federal Vocational Education	-	9,000
Total	\$ 15,798	\$ 15,798

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS

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

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 138,000	\$ -	\$ -	\$ 138,000
Construction in progress	95,050	295,086	355,223	34,913
Total nondepreciable capital assets	<u>233,050</u>	<u>295,086</u>	<u>355,223</u>	<u>172,913</u>
Depreciable capital assets				
Land improvements	1,019,559	-	-	1,019,559
Buildings and improvements	15,017,469	434,832	4,414	15,447,887
Furniture, fixtures and equipment	4,577,034	282,880	212,249	4,647,665
Vehicles	438,315	41,060	-	479,375
Infrastructure	669,736	18,936	-	688,672
Total capital assets being depreciated	<u>21,722,113</u>	<u>777,708</u>	<u>216,663</u>	<u>22,283,158</u>
Less accumulated depreciation				
Land improvements	(938,355)	(6,718)	-	(945,073)
Buildings and improvements	(9,662,573)	(243,544)	515	(9,905,602)
Furniture, fixtures and equipment	(3,007,614)	(234,848)	125,165	(3,117,297)
Vehicles	(390,252)	(25,516)	-	(415,768)
Infrastructure	(20,089)	(22,215)	-	(42,304)
Total accumulated depreciation	<u>(14,018,883)</u>	<u>(532,841)</u>	<u>125,680</u>	<u>(14,426,044)</u>
Depreciable capital assets, net of accumulated depreciation	<u>7,703,230</u>	<u>244,867</u>	<u>90,983</u>	<u>7,857,114</u>
Governmental activities capital assets, net	<u>\$ 7,936,280</u>	<u>\$ 539,953</u>	<u>\$ 446,206</u>	<u>\$ 8,030,027</u>

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	1,276
Vocational education	294,349
Adult education	445
Supporting services	
Pupil	376
Instructional staff	5,925
Administration	2,932
Fiscal	1,583
Business	2,318
Operation and maintenance of plant	208,498
Pupil transportation	10,781
Operation of noninstruction services	
Community service	4,358
Total depreciation expense	\$ 532,841

NOTE 9 - LONG-TERM OBLIGATIONS

Changes in long-term obligations, governmental activities, are as follows:

	Outstanding June 30, 2006	Additions	Retired	Outstanding June 30, 2007	Amounts Due In One Year
Compensated absences	\$ 2,578,637	\$ 259,273	\$ 243,410	\$ 2,594,500	\$ 223,245

The compensated absences will be repaid from the funds which employees' salaries are paid. Refer to Note 2, for additional information related to compensated absences.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 10 - PROPERTY TAXES

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property which is located within the District. The Lorain County Auditor is responsible for assessing and remitting these property taxes to the District. The Lorain County Treasurer is responsible for collecting property taxes.

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The Lorain County Auditor reappraises real property every six years with a triennial update, the last update was completed for 2007. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semi-annually. The first payment is due January 20, and the remainder is payable by June 20.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes for 2006 were levied after April 1, 2006, on the value as of December 31, 2006. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory is 12.5 percent for 2007. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility real property is assessed at thirty-five percent (35%) of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2007, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2007, was \$2,190,226 in the General Fund and is recognized as revenue.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 10 - PROPERTY TAXES (continued)

Since Lorain County assesses and levies property taxes on a calendar basis, the District receives property taxes from two (2) taxing years during the District's fiscal year.

The assessed values of real and tangible personal property, upon which property tax receipts for the Fiscal Year Ended June 30, 2007 were based, are as follows:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	%	Amount	%
Agricultural/Residential	\$3,940,238,990	73.81	\$4,588,063,270	76.74
Commercial / Industrial	874,360,850	16.38	967,316,920	16.18
Public Utilities	2,301,120	0.04	214,983,030	3.60
Tangible Personal Property	521,571,826	9.77	207,941,327	3.48
Total Assessed Value	<u>\$5,338,472,786</u>	<u>100.00</u>	<u>\$5,978,304,547</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 2.45</u>		<u>\$ 2.45</u>	

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. STATE TEACHERS RETIREMENT SYSTEM OF OHIO

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

A. STATE TEACHERS RETIREMENT SYSTEM OF OHIO (continued)

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

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

The District's required contributions to STRS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$ 1,189,722, \$ 1,156,270, and \$ 1,134,205, respectively; 100 percent has been contributed for all fiscal years.

B. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$ 223,045, \$ 209,126, and \$ 174,064, respectively; 100 percent has been contributed for all fiscal years.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2007, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School 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 (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$ 91,517 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2007. In addition, SERS 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$84,746.

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 the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive health care benefits.



LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a reduction in coverage from the prior year.

The District has a comprehensive property and casualty policy with the Fitzgibbons Arnold Agency, Inc. which includes boiler coverage. The deductible is \$5,000 per incident. All vehicles are insured with Fitzgibbons Arnold Agency, Inc. and have a \$500 Collision deductible. All Board Members, Administrators and employees are covered under a school district liability policy with Indiana Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$1,000,000 aggregate.

The Board President and the Superintendent are covered with surety bonds for \$20,000. The Treasurer also is covered by a surety bond in the amount of \$50,000. These bonds are with Travelers Casualty and Surety Company of America.

The District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc., provides administrative, cost control and actuarial services to the GRP.

For fiscal year June 30, 2007, the District contracted with the Lake Erie Regional Council of Governments (LERC) to provide employee health and medical benefits. LERC operated as a claims-servicing pool through June 30, 2007. Rates were set through an annual calculation process. Monthly contributions were placed in a common fund from which claim payments were made for all participating school districts. Claims were paid for all participants regardless of claims flow or individual account balance.

As of July 1, 2007, LERC discontinued as a claims-servicing pool and began operating as an insurance purchasing pool. Any unpaid claims liability as of June 30, 2007 are to be paid by the insurance purchasing pool. Accordingly, at June 30, 2007, there was no claims liability required to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 13 - RISK MANAGEMENT (continued)

Changes in the balance of claims liability during the year ended June 30, 2007 are summarized below:

	June 30, 2007	June 30, 2006
Unpaid claims, beginning of year	\$ 399,640	\$ 384,912
Incurred claims	1,228,475	1,998,402
Claims payments	(1,628,115)	(1,983,674)
Unpaid claims, end of year	\$ -	\$ 399,640

NOTE 14 - CONTINGENCIES

A. GRANTS

The District receives financial assistance from numerous federal and state agencies which is subjected to financial and compliance audits. Such audits could lead to a request for reimbursement to the grantor agency for disallowed expenditures. Management believes that any such disallowed amounts, if any, would not materially affect the District's financial position.

B. LITIGATION

The District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

NOTE 15 - SET-ASIDE

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	Textbook	Capital Maintenance
Balance, July 1, 2006	\$ (1,605,361)	\$ -
Required set aside	196,358	196,358
Qualifying expenditures	(770,971)	(370,581)
Balance, June 30, 2007	\$ (2,179,974)	\$ (174,223)

Textbook expenditures exceeded the statutory requirements by \$2,179,974 which may be used to reduce the set aside requirements of future years. Capital maintenance expenditures have exceeded statutory requirements by \$174,223, which may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 16 - CONTRACTUAL COMMITMENTS

As of June 30, 2007, the District has contractual commitments for the following projects:

	Contracted Amount	Expended	Remaining Liability
Cosmetology Alterations			
Higgins Electric	\$ 49,700	\$ 44,595	\$ 5,105
Paving Improvements			
Carron Asphalt Paving	262,150	-	262,150
	\$ 311,850	\$ 44,595	\$ 267,255

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Lorain County Joint Vocational School District  
Oberlin, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain County Joint Vocational School District (the “District”), as of and for the year ended June 30, 2007, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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

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

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

Board of Education  
Lorain County Joint Vocational School District

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Education, finance committee, management, Auditor of the State's office, 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.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
December 17, 2007

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Board of Education  
Lorain County Joint Vocational School District  
Oberlin, Ohio

**Compliance**

We have audited the compliance of the Lorain County Joint Vocational School District (the “District”), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

### **Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2007, and have issued our report there on dated December 17, 2007.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the District's Board of Education, finance committee, management, the Auditor of State's Office, 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.

*Ciuni & Paricki, Inc.*

Cleveland, Ohio  
December 17, 2007

# Lorain County Joint Vocational School District

## Schedule of Expenditures of Federal Awards

**For the year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Disbursements
U.S. Department of Education:				
Direct assistance:				
Pell Grant	84.063	N/A	\$ <u>97,148</u>	\$ <u>97,148</u>
Total U.S. Department of Education Direct Assistance			<u>97,148</u>	<u>97,148</u>
U.S. Department of Education:				
Passed-Through Ohio Department of Education:				
Adult Basic Education State Grant Program	84.002	051227-AB S1-2007	83,036	83,036
Vocational Education Basic Grants to States	84.048	051227-20 C1-2006	21,161	21,161
Vocational Education Basic Grants to States	84.048	051227-20 C1-2007	<u>623,318</u>	<u>632,318</u>
Total Vocational Education Basic Grants to States			<u>644,479</u>	<u>653,479</u>
Safe and Drug Free Schools and Communities State Grants	84.186	051227-DR S1-2007	2,908	2,908
Innovative Education Program Strategy, Title VI	84.298	051227-C2 S1-2007	2,177	2,177
Improving Teacher Quality, Title II-A	84.367	051227-TR S1-2007	<u>7,141</u>	<u>7,141</u>
Total Passed-Through U.S. Department of Education			<u>739,741</u>	<u>748,741</u>
Total U.S Department of Education			<u>836,889</u>	<u>845,889</u>
National Aeronautics and Space Administration				
Direct Assistance				
NASA Cooperative Grant	N/A	NCC5-554	<u>337,126</u>	<u>337,126</u>
Total Federal Awards Receipts and Expenditures			\$ <u>1,174,015</u>	\$ <u>1,183,015</u>

The accompanying notes are an integral part of this schedule



# Lorain County Joint Vocational School District

Notes to the Schedule of Expenditures of Federal Awards

**June 30, 2007**

---

## **Note 1: Significant Accounting Policies**

### Basis of Presentation

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CFDA – Catalog of Federal Domestic Assistance

# Lorain County Joint Vocational School District

Schedule Of Findings  
OMB Circular A-133 Section .505

**June 30, 2007**

---

## 1. Summary of Auditors' Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	NASA Cooperative Grant - CFDA # N/A
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(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.

# Lorain County Joint Vocational School District

Schedule Of Prior Audit Findings  
OMB Circular A-133 Section .315(b)

**June 30, 2007**

---

Finding No.	Finding Summary	Fully Corrected	Explanation
2006-001	The District has delegated employees' health care claims processing, which is a significant accounting function to a third-party administrator. The District has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reduce the risk that the health insurance claims have not been completely and accurately processed in accordance with the health insurance contract.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2008**