

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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2013**



**Dave Yost • Auditor of State**



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Adult Education Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

February 11, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The management's discussion and analysis of the Ashland County-West Holmes Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities decreased \$124,319 which represents a 1.22% decrease from 2012.
- General revenues accounted for \$5,605,454 in revenue or 71.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,198,159 or 28.17% of total revenues of \$7,803,613.
- The District had \$7,927,932 in expenses related to governmental activities; \$2,198,159 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,605,454 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, permanent improvement fund and the adult education fund. The general fund had \$5,591,879 in revenues and \$5,342,799 in expenditures and other financing uses. During fiscal year 2013, the general fund's fund balance increased \$249,080 from a balance of \$4,077,012 to \$4,326,092.
- The permanent improvement fund had \$470,858 in revenues and \$309,479 in expenditures. During fiscal year 2013, the permanent improvement fund's fund balance increased \$161,379 from \$343,436 to \$504,815.
- The adult education fund had \$1,239,832 in revenues and \$1,245,689 in expenditures. During fiscal year 2013, the adult education fund's fund balance decreased \$5,857 from \$737,631 to \$731,774.

**Using these Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

***Proprietary Funds***

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

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

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

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

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

***The District as a Whole***

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2013 and June 30, 2012. Prior year amounts have been adjusted to conform to current year reporting requirements due to the implementation of new GASB requirements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 9,308,808	\$ 9,209,044
Capital assets, net	<u>4,784,070</u>	<u>5,194,991</u>
Total assets	<u>14,092,878</u>	<u>14,404,035</u>
<b><u>Liabilities</u></b>		
Current liabilities	702,621	709,509
Long-term liabilities	<u>1,141,831</u>	<u>1,166,133</u>
Total liabilities	<u>1,844,452</u>	<u>1,875,642</u>
<b>Deferred Inflows of Resources</b>	<u>2,196,764</u>	<u>2,352,412</u>
Total liabilities and deferred inflows of resources	<u>4,041,216</u>	<u>4,228,054</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	4,076,266	4,404,680
Restricted	1,249,680	1,123,636
Unrestricted	<u>4,725,716</u>	<u>4,647,665</u>
Total net position	<u>\$ 10,051,662</u>	<u>\$ 10,175,981</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities and deferred inflows of resources by \$10,051,662. Of this total, \$4,725,716 is unrestricted in use.

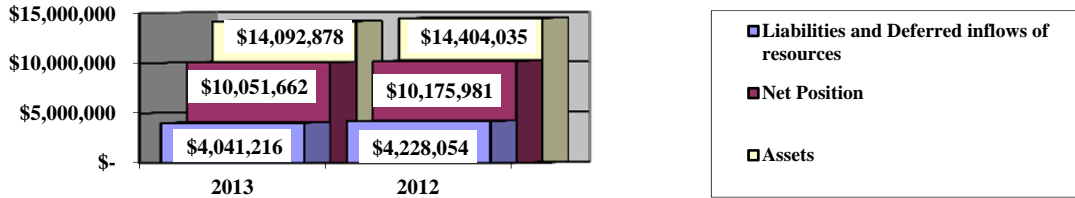
At year-end, capital assets represented 33.95% of total assets. Capital assets include land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2013, was \$4,076,266. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$1,249,680, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$4,725,716 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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(Continued)**

**Governmental Activities**



The table below shows the change in net position for fiscal year 2013 and 2012.

**Change in Net Position**

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 981,009	\$ 853,728
Operating grants and contributions	1,217,150	1,204,495
General revenues:		
Property taxes	2,890,830	2,252,405
Grants and entitlements	2,656,954	2,813,240
Investment earnings	18,048	24,769
Other	39,622	22,219
	<u>7,803,613</u>	<u>7,170,856</u>
<b>Total revenues</b>	<u>7,803,613</u>	<u>7,170,856</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

	<b>Change in Net Position</b>	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	568,123	556,544
Special	351,010	361,313
Vocational	2,949,500	2,925,476
Adult/continuing	1,453,484	1,332,639
Student intervention services	559	3,418
Support services:		
Pupil	155,287	178,729
Instructional staff	105,005	152,775
Board of education	100,036	72,567
Administration	768,449	784,619
Fiscal	392,975	423,245
Business	2,779	4,894
Operations and maintenance of plant	645,883	564,468
Pupil transportation	22,940	15,197
Central	114,602	21,399
Operations of non-instructional services:		
Other non-instructional services	104,334	-
Food service operations	134,435	165,722
Community services	-	2,969
Extracurricular activities	25,566	25,431
Interest and fiscal charges	<u>32,965</u>	<u>38,397</u>
Total expenses	<u>7,927,932</u>	<u>7,629,802</u>
Change in net position	(124,319)	(458,946)
Net position at beginning of year	<u>10,175,981</u>	<u>10,634,927</u>
Net position at end of year	<u>\$ 10,051,662</u>	<u>\$ 10,175,981</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$124,319. Total governmental expenses of \$7,927,932 were offset by program revenues of \$2,198,159 and general revenues of \$5,605,454. Program revenues supported 27.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 71.09% of total governmental revenue.

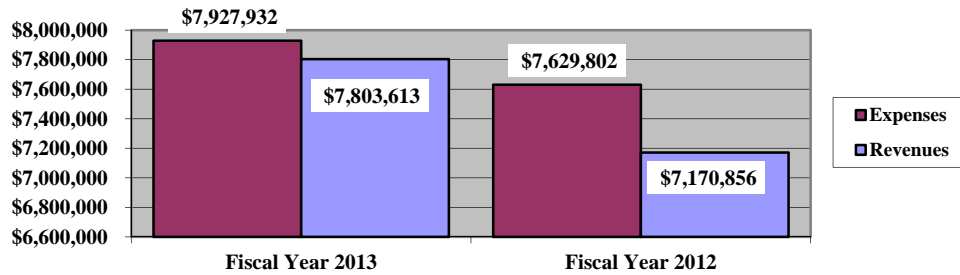
**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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(Continued)**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,322,676 or 67.14% of total governmental expenses for fiscal year 2013.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
<b>Program expenses</b>				
Instruction:				
Regular	568,123	\$ 518,851	\$ 556,544	\$ 512,569
Special	351,010	59,184	361,313	48,413
Vocational	2,949,500	2,631,561	2,925,476	2,729,757
Adult/continuing	1,453,484	84,597	1,332,639	127,808
Student intervention services	559	559	3,418	3,418
Support services:				
Pupil	155,287	136,590	178,729	124,400
Instructional staff	105,005	81,808	152,775	102,547
Board of education	100,036	100,036	72,567	72,567
Administration	768,449	757,556	784,619	779,422
Fiscal	392,975	392,975	423,245	423,245
Business	2,779	2,779	4,894	4,894
Operations and maintenance of plant	645,883	642,858	564,468	561,443
Pupil transportation	22,940	22,940	15,197	15,197
Central	114,602	108,834	21,399	(33,839)
Operations of non-instructional services:				
Other non-instructional services	104,334	103,823	-	-
Food service operations	134,435	26,291	165,722	33,166
Community services	-	-	2,969	2,744
Extracurricular activities	25,566	25,566	25,431	25,431
Interest and fiscal charges	32,965	32,965	38,397	38,397
Total expenses	<u>\$ 7,927,932</u>	<u>\$ 5,729,773</u>	<u>\$ 7,629,802</u>	<u>\$ 5,571,579</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 61.90% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 72.27%. The District's taxpayers and State funding are the primary support for District's students.

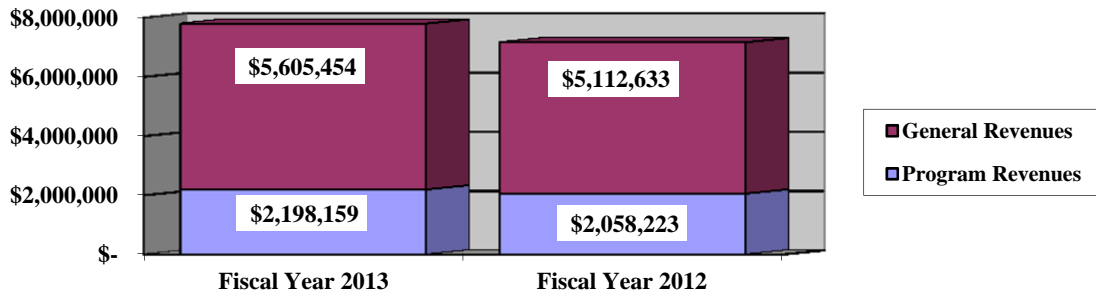


**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal year 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$5,600,392, which is higher than last year's total of \$5,136,628. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance June 30, 2013	Fund Balance (Deficit) June 30, 2012	Increase (Decrease)	Percentage Change
General	\$ 4,326,092	\$ 4,077,012	\$ 249,080	6.11 %
Permanent Improvement	504,815	343,436	161,379	46.99 %
Adult Education	731,774	737,631	(5,857)	(0.79) %
Other Governmental	37,711	(21,451)	59,162	275.80 %
<b>Total</b>	<b>\$ 5,600,392</b>	<b>\$ 5,136,628</b>	<b>\$ 463,764</b>	<b>9.03 %</b>

**General Fund**

The District's general fund balance increased \$249,080 or 6.11%.

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

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

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,502,411	\$ 1,981,153	\$ 521,258	26.31 %
Intergovernmental	2,852,269	2,933,016	(80,747)	(2.75) %
Investment income	11,486	7,616	3,870	50.81 %
Tuition and fees	52,682	69,137	(16,455)	(23.80) %
Charges for services	130,384	41,341	89,043	215.39 %
Other revenues	<u>42,647</u>	<u>22,963</u>	<u>19,684</u>	85.72 %
Total	<u>\$ 5,591,879</u>	<u>\$ 5,055,226</u>	<u>\$ 536,653</u>	10.62 %
<b><u>Expenditures</u></b>				
Instruction	\$ 3,280,317	\$ 3,536,965	\$ (256,648)	(7.26) %
Support services	1,904,938	2,014,587	(109,649)	(5.44) %
Operation of non-instructional services	103,758	435	103,323	23,752.41 %
Extracurricular activities	<u>25,566</u>	<u>-</u>	<u>25,566</u>	100.00 %
Total	<u>\$ 5,314,579</u>	<u>\$ 5,551,987</u>	<u>\$ (237,408)</u>	(4.28) %

The District's general fund balance remained relatively stable, with an increase in fund balance of \$249,080 or 6.11%. Tax revenue increased \$521,258 or 26.31% from the prior year. This increase is due mainly to the fluctuations in the amount available for advances at the end of the fiscal year. Earnings on investments increased \$3,870 or 50.81% from the prior year due to improving rates of return on the District's current investments when compared to previous fiscal years. Tuition and fees decreased \$16,455 or 23.80% from the prior year due mainly to the amount of summer school enrollment decreasing during the fiscal year. Charges for services revenue increased \$89,043 or 215.39% due mainly to an increase in customer service receipts relating to a modular home project. Other revenues increased \$19,684 or 85.72% due mainly to an increase in contributions and donations and other miscellaneous revenue received by the District. Operation of non-instructional services increased \$103,323 due to reclassifications of expenditures in the special revenue funds included in the general fund from prior year's classification used for GAAP reporting. Extracurricular expenses increased \$25,566 due to reclassification of the expenditure in the general fund from prior year's classification. All other revenues and expenditures remain comparable to the prior year.

***Permanent Improvement Fund***

The permanent improvement fund had \$470,858 in revenues and \$309,479 in expenditures. The permanent improvement fund's fund balance increased \$161,379 from \$343,436 to \$504,815 during fiscal year 2013.

***Adult Education Fund***

The adult education fund had \$1,239,832 in revenues and \$1,245,689 in expenditures. During fiscal year 2013, the adult education fund's fund balance decreased \$5,857 from \$737,631 to \$731,774.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

***General Fund Budgeting Highlights***

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

For the general fund, original budgeted revenues and other financing sources were \$5,420,709 and final budgeted revenues and other financing sources remained the same. Actual revenues and other financing sources for fiscal year 2013 were \$5,532,559. This represents an \$111,850 increase over final and original budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,079,059 were left the same in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$5,517,777, which was \$561,282 less than the final and original budget appropriations, due to controls on spending.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the District had \$4,784,070 invested in land, land improvements, buildings and building improvements, infrastructure, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2013 balances compared to 2012:

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

	Governmental Activities	
	2013	2012
Land	\$ 50,000	\$ 50,000
Land improvements	16,200	16,817
Buildings and building improvements	4,135,253	4,244,897
Infrastructure	9,106	10,127
Furniture and fixtures	559,060	848,591
Vehicles	14,451	24,559
Total	<b>\$ 4,784,070</b>	<b>\$ 5,194,991</b>

The overall decrease in capital assets of \$410,921 is due to capital outlays of \$264,816 not exceeding depreciation expense of \$331,089, disposals of \$35 (net of accumulated depreciation) and a disposal for the change of threshold from \$1,000 to \$5,000 of \$344,613 (net of accumulated depreciation) in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2013, the District had \$707,804 in energy conservation improvement bonds outstanding. Of this total, \$86,178 is due within one year and \$621,626 is due within greater than one year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

The following table summarizes the outstanding debt at year end.

**Outstanding Debt, at Year End**

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
Energy conservation bonds	\$ 707,804	\$ 790,311
Total	<u>\$ 707,804</u>	<u>\$ 790,311</u>

See Note 9 to the basic financial statements for additional information on the District's long-term obligations.

**Current Financial Related Activities**

The District is fiscally sound and ended the fiscal year 2013 in a strong financial position. However, it is a fact that school districts face many financial challenges. The first challenge is that although the District had the resources necessary to meet operating expenses in fiscal year 2013, primarily due to closely monitoring expenditures, it will be critical that the District's management continues to operate the District within its financial means, in order to avoid operating deficits. According to the District's five-year forecast, in fiscal year 2015 the District will experience an operating deficit if revenues do not increase. District management is currently evaluating revenue options and cuts in expenditures that will provide a balance for a financially stable District, students that are receiving the services they deserve and taxpayers that are willing to support the needs of both.

Noteworthy, however, is the fact that school districts are heavily dependent upon property taxes and have been stunted by a lack of revenue growth and must regularly return to the voters to maintain a constant revenue stream and in turn a constant level of service to the District's stakeholders, its students. In light of this fact, the voters of the District recently renewed a one mill operating levy and one half mill permanent improvement levy for another five years. Both levies were to expire in calendar year 2013. With the passage of the renewals, the District will realize stability within its local revenue support.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

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

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

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 5,609,710
Cash with fiscal agent . . . . .	754,257
Receivables:	
Property taxes . . . . .	2,815,071
Accounts. . . . .	29,427
Intergovernmental . . . . .	55,542
Prepayments . . . . .	23,617
Materials and supplies inventory. . . . .	21,184
Capital assets:	
Nondepreciable capital assets . . . . .	50,000
Depreciable capital assets, net. . . . .	4,734,070
Capital assets, net . . . . .	<u>4,784,070</u>
Total assets. . . . .	<u>14,092,878</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	38,935
Accrued wages and benefits payable . . . . .	462,946
Pension obligation payable. . . . .	72,713
Intergovernmental payable . . . . .	25,544
Accrued interest payable . . . . .	2,584
Claims payable. . . . .	99,899
Long-term liabilities:	
Due within one year. . . . .	166,033
Due in more than one year. . . . .	975,798
Total liabilities . . . . .	<u>1,844,452</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	<u>2,196,764</u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	4,076,266
Restricted for:	
Capital projects . . . . .	523,288
Locally funded programs . . . . .	2,113
State funded programs. . . . .	7,817
Federally funded programs . . . . .	9,613
Other purposes . . . . .	706,849
Unrestricted. . . . .	4,725,716
Total net position . . . . .	<u>\$ 10,051,662</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 568,123	\$ 5,267	\$ 44,005	\$ (518,851)
Special . . . . .	351,010	-	291,826	(59,184)
Vocational . . . . .	2,949,500	177,799	140,140	(2,631,561)
Adult/continuing. . . . .	1,453,484	758,565	610,322	(84,597)
Other . . . . .	559	-	-	(559)
Support services:				
Pupil. . . . .	155,287	-	18,697	(136,590)
Instructional staff . . . . .	105,005	-	23,197	(81,808)
Board of education . . . . .	100,036	-	-	(100,036)
Administration. . . . .	768,449	-	10,893	(757,556)
Fiscal. . . . .	392,975	-	-	(392,975)
Business. . . . .	2,779	-	-	(2,779)
Operations and maintenance . . . . .	645,883	3,025	-	(642,858)
Pupil transportation. . . . .	22,940	-	-	(22,940)
Central . . . . .	114,602	-	5,768	(108,834)
Operation of non-instructional services:				
Other non-instructional services . . . . .	104,334	-	511	(103,823)
Food service operations . . . . .	134,435	36,353	71,791	(26,291)
Extracurricular activities. . . . .	25,566	-	-	(25,566)
Interest and fiscal charges . . . . .	32,965	-	-	(32,965)
<b>Total governmental activities . . . . .</b>	<b>\$ 7,927,932</b>	<b>\$ 981,009</b>	<b>\$ 1,217,150</b>	<b>(5,729,773)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				2,499,022
Capital outlay . . . . .				391,808
Grants and entitlements not restricted to specific programs . . . . .				2,656,954
Investment earnings . . . . .				18,048
Miscellaneous . . . . .				39,622
<b>Total general revenues. . . . .</b>				<b>5,605,454</b>
Change in net position . . . . .				(124,319)
<b>Net position at beginning of year . . . . .</b>				<b>10,175,981</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 10,051,662</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 4,361,745	\$ 441,812	\$ 784,508	\$ 21,645	\$ 5,609,710
Receivables:					
Property taxes . . . . .	2,432,761	382,310	-	-	2,815,071
Accounts . . . . .	7,074	-	22,353	-	29,427
Intergovernmental . . . . .	9,027	-	2,238	44,277	55,542
Prepayments . . . . .	16,867	-	5,140	1,610	23,617
Materials and supplies inventory . . . . .	4,314	-	-	16,870	21,184
Due from other funds . . . . .	23,856	-	-	-	23,856
Total assets . . . . .	<u>\$ 6,855,644</u>	<u>\$ 824,122</u>	<u>\$ 814,239</u>	<u>\$ 84,402</u>	<u>\$ 8,578,407</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 22,213	\$ -	\$ 16,550	\$ 172	\$ 38,935
Accrued wages and benefits payable . . . . .	397,570	-	53,378	11,998	462,946
Pension obligation payable . . . . .	57,598	-	8,255	6,860	72,713
Intergovernmental payable . . . . .	19,847	-	4,282	1,415	25,544
Due to other funds . . . . .	-	-	-	23,856	23,856
Total liabilities . . . . .	<u>497,228</u>	<u>-</u>	<u>82,465</u>	<u>44,301</u>	<u>623,994</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year . . . . .	1,898,514	298,250	-	-	2,196,764
Delinquent property tax revenue not available . . . . .	133,810	21,057	-	-	154,867
Intergovernmental revenues not available . . . . .	-	-	-	2,390	2,390
Total deferred inflows of resources . . . . .	<u>2,032,324</u>	<u>319,307</u>	<u>-</u>	<u>2,390</u>	<u>2,354,021</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory . . . . .	4,314	-	-	16,870	21,184
Prepays . . . . .	16,867	-	5,140	1,610	23,617
Restricted:					
Capital improvements . . . . .	-	504,815	-	-	504,815
Adult education . . . . .	-	-	726,634	-	726,634
Food service operations . . . . .	-	-	-	5,987	5,987
Vocational education . . . . .	-	-	-	13,152	13,152
Other purposes . . . . .	-	-	-	6,797	6,797
Committed:					
Adult education . . . . .	69,559	-	-	-	69,559
Capital improvements . . . . .	23,713	-	-	-	23,713
Termination benefits . . . . .	129,801	-	-	-	129,801
Assigned:					
Student instruction . . . . .	53,219	-	-	-	53,219
Student and staff support . . . . .	23,901	-	-	-	23,901
Subsequent year's appropriations . . . . .	694,584	-	-	-	694,584
Uniform school supplies . . . . .	20,144	-	-	-	20,144
Public school support . . . . .	6,592	-	-	-	6,592
Other purposes . . . . .	58,304	-	-	-	58,304
Unassigned (deficit) . . . . .	3,225,094	-	-	(6,705)	3,218,389
Total fund balances . . . . .	<u>4,326,092</u>	<u>504,815</u>	<u>731,774</u>	<u>37,711</u>	<u>5,600,392</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 6,855,644</u>	<u>\$ 824,122</u>	<u>\$ 814,239</u>	<u>\$ 84,402</u>	<u>\$ 8,578,407</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

<b>Total governmental fund balances</b>		<b>\$ 5,600,392</b>
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,784,070
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Property taxes receivable	\$ 154,867	
Intergovernmental receivable	2,390	
Total	157,257	157,257
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		654,358
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(2,584)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation bonds	(707,804)	
Compensated absences	(434,027)	
Total	(1,141,831)	(1,141,831)
<b>Net position of governmental activities</b>		<b>\$ 10,051,662</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 2,502,411	\$ 392,268	\$ -	\$ -	\$ 2,894,679
Tuition . . . . .	5,267	-	613,009	-	618,276
Earnings on investments . . . . .	11,486	700	-	2,506	14,692
Charges for services . . . . .	9,172	-	-	36,353	45,525
Classroom materials and fees . . . . .	47,415	-	145,556	-	192,971
Rental income . . . . .	3,025	-	-	-	3,025
Contributions and donations . . . . .	5,248	-	1,330	-	6,578
Contract services . . . . .	121,212	-	-	-	121,212
Other local revenues . . . . .	34,374	-	3,003	137	37,514
Intergovernmental - state . . . . .	2,852,269	77,890	476,934	97,220	3,504,313
Intergovernmental - federal . . . . .	-	-	-	407,138	407,138
<b>Total revenues . . . . .</b>	<b>5,591,879</b>	<b>470,858</b>	<b>1,239,832</b>	<b>543,354</b>	<b>7,845,923</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	451,640	10,868	-	41,960	504,468
Special . . . . .	280,608	9,744	-	79,328	369,680
Vocational . . . . .	2,497,510	-	-	73,188	2,570,698
Adult/continuing . . . . .	50,000	-	1,245,689	137,345	1,433,034
Other . . . . .	559	-	-	-	559
Support services:					
Pupil . . . . .	121,559	-	-	17,828	139,387
Instructional staff . . . . .	77,353	1,411	-	24,842	103,606
Board of education . . . . .	100,036	-	-	-	100,036
Administration . . . . .	684,432	9,606	-	10,387	704,425
Fiscal . . . . .	351,401	20,843	-	-	372,244
Business . . . . .	2,779	-	-	-	2,779
Operations and maintenance . . . . .	447,749	67,303	-	-	515,052
Pupil transportation . . . . .	12,832	-	-	-	12,832
Central . . . . .	106,797	-	-	5,500	112,297
Operation of non-instructional services:					
Other non-instructional services . . . . .	103,758	-	-	576	104,334
Food service operations . . . . .	-	-	-	121,458	121,458
Extracurricular activities . . . . .	25,566	-	-	-	25,566
Facilities acquisition and construction . . . . .	-	74,055	-	-	74,055
Debt service:					
Principal retirement . . . . .	-	82,507	-	-	82,507
Interest and fiscal charges . . . . .	-	33,142	-	-	33,142
<b>Total expenditures . . . . .</b>	<b>5,314,579</b>	<b>309,479</b>	<b>1,245,689</b>	<b>512,412</b>	<b>7,382,159</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	277,300	161,379	(5,857)	30,942	463,764
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	28,220	28,220
Transfers (out) . . . . .	(28,220)	-	-	-	(28,220)
<b>Total other financing sources (uses) . . . . .</b>	<b>(28,220)</b>	<b>-</b>	<b>-</b>	<b>28,220</b>	<b>-</b>
<b>Net change in fund balances . . . . .</b>	<b>249,080</b>	<b>161,379</b>	<b>(5,857)</b>	<b>59,162</b>	<b>463,764</b>
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<b>4,077,012</b>	<b>343,436</b>	<b>737,631</b>	<b>(21,451)</b>	<b>5,136,628</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,326,092</b>	<b>\$ 504,815</b>	<b>\$ 731,774</b>	<b>\$ 37,711</b>	<b>\$ 5,600,392</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 463,764</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 264,816	
Current year depreciation	(331,089)	
Total	(66,273)	(66,273)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, change of threshold and donations) is to decrease net position.		
		(344,648)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(3,849)	
Intergovernmental	(44,323)	
Total	(48,172)	(48,172)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		82,507
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		177
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.		
		24,390
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(236,064)
<b>Change in net position of governmental activities</b>		<b>\$ (124,319)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,400,000	\$ 2,400,000	\$ 2,478,465	\$ 78,465
Tuition . . . . .	16,000	16,000	5,267	(10,733)
Earnings on investments . . . . .	10,000	10,000	11,486	1,486
Charges for services . . . . .	11,000	11,000	9,172	(1,828)
Classroom materials and fees . . . . .	8,400	8,400	6,176	(2,224)
Rental income . . . . .	3,000	3,000	3,025	25
Contributions and donations . . . . .	-	-	5,098	5,098
Contract services . . . . .	104,800	104,800	120,801	16,001
Other local revenues . . . . .	21,100	21,100	16,035	(5,065)
Intergovernmental - state . . . . .	2,826,409	2,826,409	2,852,269	25,860
<b>Total revenues . . . . .</b>	<u>5,400,709</u>	<u>5,400,709</u>	<u>5,507,794</u>	<u>107,085</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	469,543	492,367	475,576	16,791
Special . . . . .	327,932	339,844	270,068	69,776
Vocational . . . . .	2,803,904	2,785,142	2,621,467	163,675
Adult/continuing . . . . .	52,948	52,561	50,000	2,561
Other . . . . .	3,686	3,681	614	3,067
Support services:				
Pupil . . . . .	137,659	136,720	121,499	15,221
Instructional staff . . . . .	61,028	60,619	78,755	(18,136)
Board of education . . . . .	114,892	114,018	113,092	926
Administration . . . . .	797,091	791,715	695,457	96,258
Fiscal . . . . .	429,830	427,040	360,948	66,092
Business . . . . .	4,618	4,597	2,679	1,918
Operations and maintenance . . . . .	557,352	553,753	465,643	88,110
Pupil transportation . . . . .	13,080	12,983	12,461	522
Central . . . . .	81,395	80,636	98,119	(17,483)
Other non-instructional services . . . . .	107,533	107,017	66,708	40,309
Extracurricular activities . . . . .	28,570	28,365	26,471	1,894
<b>Total expenditures . . . . .</b>	<u>5,991,059</u>	<u>5,991,059</u>	<u>5,459,557</u>	<u>531,502</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(590,350)	(590,350)	48,237	638,587
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	14,765	14,765
Transfers (out) . . . . .	(68,000)	(68,000)	(48,220)	19,780
Advances in . . . . .	20,000	20,000	10,000	(10,000)
Advances (out) . . . . .	(20,000)	(20,000)	(10,000)	10,000
<b>Total other financing sources (uses) . . . . .</b>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(33,455)</u>	<u>34,545</u>
Net change in fund balance . . . . .	(658,350)	(658,350)	14,782	673,132
<b>Fund balance at beginning of year . . . . .</b>	3,972,108	3,972,108	3,972,108	-
<b>Prior year encumbrances appropriated . . . . .</b>	54,059	54,059	54,059	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,367,817</u>	<u>\$ 3,367,817</u>	<u>\$ 4,040,949</u>	<u>\$ 673,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ 505,500	\$ 505,500	\$ 669,481	\$ 163,981
Classroom materials and fees . . . . .	97,400	97,400	131,056	33,656
Contributions and donations . . . . .	-	-	1,330	1,330
Other local revenues . . . . .	600	600	919	319
Intergovernmental - state . . . . .	<u>386,500</u>	<u>386,500</u>	<u>476,934</u>	<u>90,434</u>
Total revenue . . . . .	<u>990,000</u>	<u>990,000</u>	<u>1,279,720</u>	<u>289,720</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Adult/continuing . . . . .	<u>1,520,412</u>	<u>1,382,692</u>	<u>1,269,937</u>	<u>112,755</u>
Total expenditures . . . . .	<u>1,520,412</u>	<u>1,382,692</u>	<u>1,269,937</u>	<u>112,755</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(530,412)</u>	<u>(392,692)</u>	<u>9,783</u>	<u>402,475</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	1,570	1,570
Transfers in . . . . .	-	-	220,000	220,000
Transfers (out) . . . . .	-	(137,720)	(220,000)	(82,280)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(137,720)</u>	<u>1,570</u>	<u>139,290</u>
Net change in fund balance . . . . .	(530,412)	(530,412)	11,353	541,765
<b>Fund balance at beginning of year . . . . .</b>	697,369	697,369	697,369	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>20,412</u>	<u>20,412</u>	<u>20,412</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 187,369</u>	<u>\$ 187,369</u>	<u>\$ 729,134</u>	<u>\$ 541,765</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 754,257
Total assets. . . . .	754,257
<b>Liabilities:</b>	
Claims payable . . . . .	99,899
Total liabilities . . . . .	99,899
<b>Net position:</b>	
Unrestricted. . . . .	654,358
Total net position. . . . .	\$ 654,358

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 830,956
Total operating revenues . . . . .	<u>830,956</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>1,072,882</u>
Total operating expenses. . . . .	<u>1,072,882</u>
Operating loss . . . . .	<u>(241,926)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>5,862</u>
Total nonoperating revenues. . . . .	<u>5,862</u>
Change in net position . . . . .	(236,064)
<b>Net position at beginning of year. . . . .</b>	<u>890,422</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 654,358</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 830,956
Cash payments for claims . . . . .	(1,034,351)
	(203,395)
<b>Cash flows from investing activities:</b>	
Interest received. . . . .	5,862
	5,862
Net (decrease) in cash and cash equivalents . . . . .	(197,533)
<b>Cash and cash equivalents at beginning of year. . .</b>	<b>951,790</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 754,257</u></b>
<b>Reconciliation of operating loss to net cash (used in) operating activities:</b>	
Operating loss . . . . .	\$ (241,926)
Changes in assets and liabilities:	
Increase in claims payable. . . . .	38,531
	(203,395)
Net cash (used in) operating activities . . . . .	<b><u>\$ (203,395)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 26,966	\$ 23,642
Total assets. . . . .	26,966	\$ 23,642
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,022
Due to students. . . . .	-	22,620
Total liabilities . . . . .	-	\$ 23,642
<b>Net position:</b>		
Held in trust for scholarships . . . . .	26,966	
Total net position. . . . .	\$ 26,966	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 38
Gifts and contributions . . . . .	1,149
Total additions . . . . .	1,187
 <b>Deductions:</b>	
Scholarships awarded . . . . .	2,441
Change in net position . . . . .	(1,254)
<b>Net position at beginning of year . . . . .</b>	<b>28,220</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 26,966</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

The District serves an area of approximately 777 square miles with an enrollment of 296 students. The District employed 6 administrative and supervisory personnel, 63 certified employees and 27 non-certificated employees.

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

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

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**A. Reporting Entity (Continued)**

*JOINTLY GOVERNED ORGANIZATIONS*

Tri-County Computer Services Association

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 Districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. The Ashland County-West Holmes Joint Vocational School District paid \$80,400 to the Midland Council of Governments, which serves as fiscal agent, during fiscal year 2013 for services. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments located in Wooster, Ohio.

*INSURANCE POOLS*

Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan

The District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Ashland County-West Holmes Joint Vocational School District paid \$37,721 to OME-RESA during fiscal year 2013 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**B. Basis of Presentation and Measurement Focus (Continued)**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

*PROPRIETARY FUND*

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**C. Fund Accounting (Continued)**

*FIDUCIARY FUNDS*

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

**D. Basis of Accounting**

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**D. Basis of Accounting (Continued)**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

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

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

**E. Budgetary Data**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**E. Budgetary Data (Continued)**

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2013, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$11,486, which includes \$1,499 assigned from other District funds.

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

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

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

**G. Prepayments**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**H. Inventory**

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

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

Inventory consists of resale supplies and donated and purchased food.

**I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The District increased their capitalization threshold from \$1,000 to \$5,000 during fiscal year 2013. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

**J. Interfund Balances**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**K. Compensated Absences**

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

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

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

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

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

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

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

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

**M. Interfund Activity**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**N. Fund Balance**

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

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**O. Net Position**

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

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

**P. Operating Revenues and Expenses**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**R. Estimates**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

**A. Change in Accounting Principles (Continued)**

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to deferred inflows of resources, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to deferred outflows of resources, and (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult basic literacy education	\$ 2,675
Improving teacher quality	372
Career development	3,658

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Note, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

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

**B. Funds Held by Fiscal Agent**

The District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$754,257. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**C. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits was \$5,618,209. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$5,397,183 of the District's bank balance of \$5,647,183 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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

**D. Investments**

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 41,734	\$ 41,734

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**D. Investments (Continued)**

*Concentration of Credit Risk:* The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 41,734	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,618,209
Investments	41,734
Cash with fiscal agent	754,257
Cash on hand	<u>375</u>
Total	<u>\$ 6,414,575</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,363,967
Private-purpose trust funds	26,966
Agency funds	<u>23,642</u>
Total	<u>\$ 6,414,575</u>

**NOTE 5 - INTERFUND ACTIVITY**

**A. Interfund Balances**

Interfund balances for the year ended June 30, 2013, consisted of the following due to/from other funds, as reported on the fund financial statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 23,856</u>

The primary purpose of the interfund balances is to cover negative cash balances in the governmental funds. These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 5 - INTERFUND ACTIVITY (Continued)**

**B. Interfund Transfers**

Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 28,220</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from seven counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$400,437 in the general fund and \$63,003 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$376,491 in the general fund and \$59,046 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 6 - PROPERTY TAXES (Continued)**

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow resources.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,261,448,540	78.72	\$ 1,143,993,130	92.68
Public utility personal	231,110,740	14.42	90,354,170	7.32
Tangible personal property	<u>109,829,420</u>	<u>6.86</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,602,388,700</u>	<u>100.00</u>	<u>\$ 1,234,347,300</u>	<u>100.00</u>

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$2,815,071
Accounts	29,427
Intergovernmental	<u>55,542</u>
Total	<u>\$2,900,040</u>

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/13</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	149,951	-	(3,147)	146,804
Buildings and building improvements	8,659,630	96,868	(41,746)	8,714,752
Infrastructure	51,056	-	-	51,056
Furniture and equipment	2,630,465	167,948	(1,208,736)	1,589,677
Vehicles	<u>30,031</u>	<u>-</u>	<u>(9,523)</u>	<u>20,508</u>
Total capital assets, being depreciated	<u>11,521,133</u>	<u>264,816</u>	<u>(1,263,152)</u>	<u>10,522,797</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(133,134)	(617)	3,147	(130,604)
Buildings and improvements	(4,414,733)	(174,139)	9,373	(4,579,499)
Infrastructure	(40,929)	(1,021)	-	(41,950)
Furniture and equipment	(1,781,874)	(153,212)	904,469	(1,030,617)
Vehicles	<u>(5,472)</u>	<u>(2,100)</u>	<u>1,515</u>	<u>(6,057)</u>
Total accumulated depreciation	<u>(6,376,142)</u>	<u>(331,089)</u>	<u>918,504</u>	<u>(5,788,727)</u>
Governmental activities capital assets, net	<u>\$ 5,194,991</u>	<u>\$ (66,273)</u>	<u>\$ (344,648)</u>	<u>\$ 4,784,070</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 40,998
Special	857
Vocational	219,621
Adult/Continuing	13,136
<u>Support services:</u>	
Pupil	1,684
Administration	11,391
Fiscal	204
Operations and maintenance	35,657
Pupil transportation	2,100
Food service operations	<u>5,441</u>
Total depreciation expense	<u>\$ 331,089</u>

**ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS**

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

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

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

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013	Due Within One Year
HB264, Energy Conservation Improvement Bond, 4% interest rate, due 7/15/2020	\$ 328,504	\$ -	\$ (34,317)	\$ 294,187	\$ 35,710
HB264, Energy Conservation Improvement Bond, 4.67% interest rate, due 7/1/2020	461,807	-	(48,190)	413,617	50,468
Compensated Absences	375,822	79,856	(21,650)	434,027	79,855
<b>Total</b>	<b>\$ 1,166,133</b>	<b>\$ 79,856</b>	<b>\$ (104,157)</b>	<b>\$1,141,831</b>	<b>\$ 166,033</b>

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2013, are as follows:

Fiscal Year Ending	Energy Conservation Improvement Phase I General Obligation Bonds			Energy Conservation Improvement Phase II General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
June 30						
2014	\$ 35,710	\$ 11,236	\$ 46,946	\$ 50,468	\$ 18,252	\$ 68,720
2015	37,160	9,786	46,946	52,876	15,844	68,720
2016	38,669	8,278	46,947	55,398	13,321	68,719
2017	40,239	6,707	46,946	58,042	10,677	68,719
2018	41,873	5,073	46,946	60,811	7,908	68,719
2019 - 2021	100,536	5,094	105,630	136,022	6,997	143,019
<b>Total</b>	<b>\$294,187</b>	<b>\$ 46,174</b>	<b>\$340,361</b>	<b>\$413,617</b>	<b>\$ 72,999</b>	<b>\$ 486,616</b>

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**

Legal Debt Margin: The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$110,383,453 and an unvoted debt margin of \$1,234,347.

**NOTE 10 - RISK MANAGEMENT**

**A. General Insurance**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$26,116,866. The District's vehicle insurance policy limit is \$12,000,000 with a \$1,000 collision deductible for automobiles. All board members, administrators, and employees are covered under a District liability policy.

Additionally, the District carries a \$12,000,000 Educational Liability Policy. The limits of this coverage are \$12,000,000 per occurrence and in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

**B. Fidelity Bond**

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. The District's Cashier has a bond in the amount of \$20,000. In addition, the District is covered by a blanket Public Employee Dishonesty Policy in the amount of \$100,000.

**C. Workers' Compensation**

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 10 - RISK MANAGEMENT (Continued)**

**D. Employee Health Insurance**

The District is self-insured for its medical, dental, vision and life insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$35,000 per employee.

The claims liability of \$99,899 reported in the internal service fund at June 30, 2013 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2012 and 2013 are listed below:

	Balance at Beginning of Year	Current Claims	Claims Payment	Balance at End of Year
2013	\$ 61,368	\$ 1,072,882	#####	\$ 99,899
2012	23,330	699,217	(661,179)	61,368

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$112,167, \$133,336 and \$107,248, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 11 - PENSION PLANS - (Continued)**

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

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

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 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 for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$396,299, \$443,113 and \$442,105, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$19,530 made by the District and \$13,950 made by the plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 11 - PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. School Employees Retirement System (Continued)**

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$13,940, \$18,439 and \$25,628, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$6,336, \$7,905 and \$6,902, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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

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

*Funding Policy* - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$30,485, \$34,086 and \$34,008, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

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

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Adult Education</u>
Budget basis	\$ 14,782	\$ 11,353
Net adjustment for revenue accruals	(91,575)	(39,888)
Net adjustment for expenditure accruals	71,811	(31,125)
Net adjustment for other sources/uses	5,235	(1,570)
Funds budgeted elsewhere	62,515	-
Adjustment for encumbrances	186,312	55,373
GAAP basis	\$ 249,080	\$ (5,857)

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

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 15 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	53,619
Current year offsets	<u>(466,201)</u>
Total	<u>\$ (412,582)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

**NOTE 16 - OTHER COMMITMENTS**

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

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 173,082
Permanent improvement	18,423
Adult education	55,373
Nonmajor governmental	<u>1,590</u>
Total	<u>\$ 248,468</u>

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 4,242	\$ 4,242
Cash Assistance:			
School Breakfast Program	10.553	18,327	18,327
National School Lunch Program	10.555	49,506	49,506
Total Child Nutrition Cluster		<u>72,075</u>	<u>72,075</u>
State Administrative Expenses for Child Nutrition	10.560	0	576
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>72,075</u></b>	<b><u>72,651</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Direct Program:</i>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	5,940	5,940
Federal Pell Grant Program	84.063	352,260	352,260
Federal Direct Student Loans	84.268	443,850	443,850
Total Student Financial Aid Cluster		<u>802,050</u>	<u>802,050</u>
Rural Education	84.358A	27,825	30,754
<i>Passed through the Ohio Department of Education:</i>			
Adult Education - Basic Grants to States	84.002	94,200	96,799
Career and Technical Education - Basic Grants to States	84.048	198,195	190,308
Improving Teacher Quality State Grants	84.367	1,232	1,232
<i>Passed through Lorain County Joint Vocational School:</i>			
Career and Technical Education - Basic Grants to States	84.048	82,031	74,186
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>1,205,533</u></b>	<b><u>1,195,329</u></b>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>		<b><u>\$1,277,608</u></b>	<b><u>\$1,267,980</u></b>

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 11, 2014.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

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

February 11, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

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

We have audited the Ashland County-West Holmes Joint Vocational School District's, Ashland County, Ohio (the District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

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

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

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

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

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



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

February 11, 2014

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<u>Student Financial Assistance Cluster:</u> CFDA 84.007 – Federal Supplemental Educational Opportunity Grants CFDA 84.268 – Federal Direct Student Loans CFDA 84.063 – Federal Pell Grant Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Ashland County-West Holmes Joint Vocational School District, Ashland County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 20, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

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

February 11, 2014

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# Dave Yost • Auditor of State

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

**ASHLAND COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 25, 2014**