

Medina County Joint Vocational School District

Audited Financial Statements

***For the Fiscal Year Ended
June 30, 2011***



Dave Yost • Auditor of State

Board of Education
Medina County Joint Vocational School District
1101 West Liberty Street
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County Joint Vocational School District, Medina County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 22, 2011

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**MEDINA COUNTY JOINT VOCATIONAL
SCHOOL DISTRICT**

For the Year Ended June 30, 2011

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

November 15, 2011

To the Board of Education
Medina County Joint Vocational School District
Medina County, Ohio
1101 West Liberty Street
Medina, Ohio 44256

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Medina County Joint Vocational School District (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the general fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011 on our consideration of the School 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Medina County Joint Vocational School District
Independent Auditor's Report
November 15, 2011
Page 2

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hea & Associates, Inc.

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

(Unaudited)

The discussion and analysis of the Medina County Joint Vocational School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2011 are as follows:

- General Revenues in governmental activities accounted for \$15.8 million in revenue or 96% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$.7 million or 4% of total revenues. The business-type activities had program specific revenues totaling \$1.5 million.
- Total program expenses were \$15.2 million in governmental activities and \$1.4 million was in business-type activities.
- In total, net assets increased \$1.4 million. Net assets of governmental activities increased \$1.3 million, which represents a 9% increase from 2010. Net assets of business-type activities increased \$.1 million over 2010.

Using this Annual Report

This annual report consists of the Management's Discussion and Analysis (MD&A), the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

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

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

(Unaudited)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all (non-fiduciary) assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❑ **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services and operation of non-instructional services.
- ❑ **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or the majority of the expenses of the goods or services provided. The School District's adult and vocational education programs and uniform school supplies are reported as business activities.

The government wide financial statements begin on page 11.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

(Unaudited)

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 14.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities (uniform school supplies, adult education and vocational education); therefore, these statements will essentially match. The School District's major proprietary fund is the adult education fund.

The proprietary fund financial statements begin on page 19.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used of proprietary funds.

The fiduciary fund financial statement is on page 22.

Notes to the 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. The notes to the financial statements begin on page 23.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
Assets						
Current and Other Assets	\$ 17,415,564	\$ 15,058,384	\$ 630,660	\$ 469,753	\$ 18,046,224	\$ 15,528,137
Capital Assets	7,870,502	8,133,918	104,971	114,336	7,975,473	8,248,254
Total Assets	25,286,066	23,192,302	735,631	584,089	26,021,697	23,776,391
Liabilities						
Long-Term Liabilities	1,819,608	1,480,955	86,370	55,500	1,905,978	1,536,455
Other Liabilities	8,305,782	7,850,622	78,335	72,882	8,384,117	7,923,504
Total Liabilities	10,125,390	9,331,577	164,705	128,382	10,290,095	9,459,959
Net Assets						
Invested in Capital Assets	7,870,502	8,133,918	104,971	114,336	7,975,473	8,248,254
Restricted	594,048	251,938	0	0	594,048	251,938
Unrestricted	6,696,126	5,474,869	465,955	341,371	7,162,081	5,816,240
Total Net Assets	\$ 15,160,676	\$ 13,860,725	\$ 570,926	\$ 455,707	\$ 15,731,602	\$ 14,316,432

The net assets of the School District governmental activities increased 9% or \$1.3 million and net assets of the business-type activities increased \$.1 million.

Assets in the governmental activities increased \$2.1 million over fiscal year 2010. Cash increased \$2.1 million due to the timing of receipts to cover disbursements. Capital assets show a decrease of \$.3 million due to depreciation. Liabilities increased \$.8 million in deferred revenue and long term liabilities. Most of the increase in deferred revenue represents the fluctuation in taxes available for advance at year end from year to year. The School District joined an insurance consortium in fiscal year 2011 and has an outstanding long term liability of \$.2 million for a buy-in fee.

Assets in business-type activities increased by \$.2 million over fiscal year 2010 and liabilities increased just over \$36,000. Cash in the business-type activities increased \$.1 million and accounts receivable increased nearly \$70,000 over fiscal year 2010. Accounts receivable can fluctuate due to the timing of receipts for tuition and fees.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2011 and 2010 and will help further explain the change from the prior year.

Table 2
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2011	2010	2011	2010	2011	2010
Revenues						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$ 175,916	\$ 185,153	\$ 1,226,091	\$ 1,403,567	\$ 1,402,007	\$ 1,588,720
Operating Grants and Contributions	536,903	506,193	253,821	244,006	790,724	750,199
<i>General Revenue:</i>						
Property Taxes	7,218,989	7,918,908	0	0	7,218,989	7,918,908
Grants and Entitlements not Restricted to Specific Programs	8,214,101	8,172,896	0	0	8,214,101	8,172,896
Capital Grants Not Restricted to Specific Programs	290,662	272,228	0	0	290,662	272,228
Other	82,293	300,867	32,311	18,702	114,604	319,569
Total Revenues	16,518,864	17,356,245	1,512,223	1,666,275	18,031,087	19,022,520
Program Expenses						
Instruction	8,327,489	8,525,854	0	0	8,327,489	8,525,854
Support Services	6,781,432	7,302,177	0	0	6,781,432	7,302,177
Operation of Non-Instructional Services	75,931	73,501	0	0	75,931	73,501
Extracurricular Activities	24,061	16,706	0	0	24,061	16,706
Adult Education	0	0	1,145,622	1,207,895	1,145,622	1,207,895
Uniform School Supplies	0	0	254,463	275,272	254,463	275,272
Vocational Education	0	0	6,919	6,526	6,919	6,526
Total Expenses	15,208,913	15,918,238	1,407,004	1,489,693	16,615,917	17,407,931
Increase (Decrease) in Net Assets Before Transfers	1,309,951	1,438,007	105,219	176,582	1,415,170	1,614,589
Net Transfers	(10,000)	(50,000)	10,000	50,000	0	0
Increase (Decrease) in Net Assets	\$ 1,299,951	\$ 1,388,007	\$ 115,219	\$ 226,582	\$ 1,415,170	\$ 1,614,589

General revenues in the governmental activities decreased \$.8 million from fiscal year 2010. Most of this decrease is in property tax revenue which is attributable to the fluctuation in the taxes available at year end from the County from year to year. Expenses decreased \$.7 million from 2010 in the governmental activities. This is due to the cost cutting efforts of the School District.

Charges for services in the business-type activities decreased \$.2 million from the prior year. In fiscal year 2010, the vocational education fund received proceeds from the sale of a house built by the students. Expenses decreased nearly \$83,000 from fiscal year 2010 with no individually significant line item accounting for the change.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$16.5 million and expenses of \$15.2 million.

Table 3
Governmental Activities

	2011		2010	
	Total Cost of Service	Net Cost of Service	Restated Total Cost of Service	Restated Net Cost of Service
Instruction	\$ 8,327,489	\$ 8,014,308	\$ 8,525,854	\$ 8,236,010
Support Services:				
Pupil and Instructional Staff	2,387,626	2,035,395	2,659,336	2,283,529
Board of Education, Administration, Fiscal and Business	2,585,988	2,573,547	2,464,500	2,360,229
Operation and Maintenance of Plant	1,567,212	1,567,212	2,004,529	2,004,529
Pupil Transportation and Central	240,606	238,331	173,812	171,526
Operation of Non-Instructional	75,931	73,876	73,501	73,499
Extracurricular Activities	24,061	(6,575)	16,706	8,809
Total	<u>\$ 15,208,913</u>	<u>\$ 14,496,094</u>	<u>\$ 15,918,238</u>	<u>\$ 15,138,131</u>

Instruction and Pupil and Instructional Support Services comprise 70% of governmental program expenses. Administration, Board of Education, Fiscal and Business expenses account for 17% and Operation and maintenance of plant accounts for over 10% of governmental program expenses.

Financial Analysis of the School District's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Districts financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 14) reported a total fund balance of \$8.7 million, which is \$1.9 million over last year's balance of \$6.8 million. The most significant changes within the School District's only major fund was reported in the general fund with an increase in fund balance of \$1.5 million. The School District's continuing efforts to control expenditures has kept the increase in fund balance consistent with the prior year.

Medina County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

(Unaudited)

Business-Type Activities

Business-type activities include our adult education programs, vocational, and the sale of uniform school supplies. These programs had total revenues of \$1.5 million and expenses of \$1.4 million for fiscal year 2011.

The School District's major enterprise fund is the adult education fund which had an increase in net assets of over \$94,000 in fiscal year 2011.

General Fund Budgeting Highlights

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

For the general fund, actual and final budget revenue and other financing sources of \$16.2 million were less than the original estimate of \$16.7 million. Original estimates of intergovernmental revenues were more than actually received.

Original and final appropriations and other financing uses were \$16.3 million and \$17.5 million, respectively. Actual expenditures and other financing uses were \$16.8 million. The School District began renovations to the school building near the end of the fiscal year. As a result, original budgeted capital outlay was lower than final budget and actual. Cost cutting efforts by the School District contributed to all of the other actual expenditures coming in lower than budgeted with the largest savings in instructional expenditures.

Capital Assets

At the end of fiscal year 2011 the School District had \$8.0 million invested in land and construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. A total of \$7.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2011 balances compared with 2010.

Medina County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and Construction in Progress	\$ 871,302	\$ 794,096	\$ 0	\$ 0	\$ 871,302	\$ 794,096
Buildings and Improvements	6,499,829	6,766,696	104,971	114,336	6,604,800	6,881,032
Furniture and Equipment	453,979	511,620	0	0	453,979	511,620
Vehicles	39,632	54,099	0	0	39,632	54,099
Infrastructure	5,760	7,407	0	0	5,760	7,407
Totals	\$ 7,870,502	\$ 8,133,918	\$ 104,971	\$ 114,336	\$ 7,975,473	\$ 8,248,254

Total capital assets decreased \$.3 million or 3% from fiscal year 2010. Additions include construction in progress for building and IT lab renovations and equipment purchases. Depreciation expense of \$.4 million amounted to more than acquisitions accounting for the decrease in capital assets. For additional information, see Note 8.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact John Streett, Treasurer of Medina County Joint Vocational School District, 1101 West Liberty Street, Medina, Ohio, 44256-3842.

Medina County Joint Vocational School District

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 9,191,179	\$ 551,807	\$ 9,742,986
Receivables:			
Taxes	7,760,146	0	7,760,146
Accounts	11,559	72,947	84,506
Intergovernmental	305,404	0	305,404
Inventory	147,276	5,906	153,182
Nondepreciable Capital Assets	871,302	0	871,302
Depreciable Capital Assets (Net)	6,999,200	104,971	7,104,171
<i>Total Assets</i>	<u>25,286,066</u>	<u>735,631</u>	<u>26,021,697</u>
Liabilities			
Accounts Payable	67,590	4,586	72,176
Contracts Payable	38,519	0	38,519
Accrued Wages and Benefits	1,134,344	51,434	1,185,778
Vacation Benefits Payable	36,596	3,363	39,959
Intergovernmental Payable	213,065	18,952	232,017
Deferred Revenue	6,815,668	0	6,815,668
Long Term Liabilities:			
Due Within One Year	183,807	12,900	196,707
Due in More Than One Year	1,635,801	73,470	1,709,271
<i>Total Liabilities</i>	<u>10,125,390</u>	<u>164,705</u>	<u>10,290,095</u>
Net Assets			
Invested in Capital Assets	7,870,502	104,971	7,975,473
Restricted for:			
Capital Projects	439,170	0	439,170
Other Purposes	154,878	0	154,878
Unrestricted	6,696,126	465,955	7,162,081
<i>Total Net Assets</i>	<u>\$ 15,160,676</u>	<u>\$ 570,926</u>	<u>\$ 15,731,602</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Instruction:			
Regular	\$ 2,797,522	\$ 0	\$ 0
Special	499,214	0	0
Vocational	4,948,955	157,624	85,557
Adult Continuing	81,798	0	70,000
Support Services:			
Pupils	1,727,959	0	261,281
Instructional Staff	659,667	0	90,950
Board of Education	36,021	0	0
Administration	1,795,602	12,441	0
Fiscal	528,833	0	0
Business	225,532	0	0
Operation and Maintenance of Plant	1,567,212	0	0
Pupil Transportation	38,185	0	0
Central	202,421	0	2,275
Operation of Non-Instructional Services	75,931	0	2,055
Extracurricular Activities	24,061	5,851	24,785
<i>Total Governmental Activities</i>	<u>15,208,913</u>	<u>175,916</u>	<u>536,903</u>
Business-Type Activities			
Adult Education	1,145,622	964,889	253,821
Uniform School Supplies	254,463	261,202	0
Vocational Education	6,919	0	0
<i>Total Business-Type Activities</i>	<u>1,407,004</u>	<u>1,226,091</u>	<u>253,821</u>
<i>Totals</i>	<u>\$ 16,615,917</u>	<u>\$ 1,402,007</u>	<u>\$ 790,724</u>

General Revenues

Property Taxes Levied for:

General Purposes

Grants and Entitlements not Restricted

to Specific Programs

Capital Grants not Restricted to Specific Programs

Payment in Lieu of Taxes

Investment Earnings

Miscellaneous

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year,

Restated, See Note 2S

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,797,522)	\$ 0	\$ (2,797,522)
(499,214)	0	(499,214)
(4,705,774)	0	(4,705,774)
(11,798)	0	(11,798)
(1,466,678)	0	(1,466,678)
(568,717)	0	(568,717)
(36,021)	0	(36,021)
(1,783,161)	0	(1,783,161)
(528,833)	0	(528,833)
(225,532)	0	(225,532)
(1,567,212)	0	(1,567,212)
(38,185)	0	(38,185)
(200,146)	0	(200,146)
(73,876)	0	(73,876)
6,575	0	6,575
<u>(14,496,094)</u>	<u>0</u>	<u>(14,496,094)</u>
0	73,088	73,088
0	6,739	6,739
0	(6,919)	(6,919)
<u>0</u>	<u>72,908</u>	<u>72,908</u>
<u>(14,496,094)</u>	<u>72,908</u>	<u>(14,423,186)</u>
7,218,989	0	7,218,989
8,214,101	0	8,214,101
290,662	0	290,662
17,108	0	17,108
10,542	0	10,542
54,643	32,311	86,954
15,806,045	32,311	15,838,356
<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
1,299,951	115,219	1,415,170
<u>13,860,725</u>	<u>455,707</u>	<u>14,316,432</u>
<u>\$ 15,160,676</u>	<u>\$ 570,926</u>	<u>\$ 15,731,602</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

Balance Sheet

Governmental Funds

June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 8,886,734	\$ 304,445	\$ 9,191,179
Receivables:			
Taxes	7,760,146	0	7,760,146
Accounts	11,559	0	11,559
Interfund	40,727	0	40,727
Intergovernmental	0	305,404	305,404
Inventory	147,276	0	147,276
<i>Total Assets</i>	<u>\$ 16,846,442</u>	<u>\$ 609,849</u>	<u>\$ 17,456,291</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 67,590	\$ 0	\$ 67,590
Contracts Payable	38,519	0	38,519
Accrued Wages and Benefits	1,131,690	2,654	1,134,344
Interfund Payable	0	40,727	40,727
Intergovernmental Payable	212,655	410	213,065
Deferred Revenue	7,153,473	138,877	7,292,350
<i>Total Liabilities</i>	8,603,927	182,668	8,786,595
Fund Balances			
Nonspendable	147,276	0	147,276
Restricted	0	427,181	427,181
Committed	2,122,811	0	2,122,811
Assigned	397,121	0	397,121
Unassigned	5,575,307	0	5,575,307
<i>Total Fund Balances</i>	<u>8,242,515</u>	<u>427,181</u>	<u>8,669,696</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 16,846,442</u>	<u>\$ 609,849</u>	<u>\$ 17,456,291</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Reconciliation of Total Governmental Fund Balances to
Net Assets Governmental Activities
June 30, 2011

Total Governmental Fund Balances	\$	8,669,696
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		7,870,502
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 138,877	
Delinquent Property Taxes	337,805	476,682
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	(1,577,269)	
Vacation Benefits Payable	(36,596)	
SHC New Member Payable	(242,339)	(1,856,204)
 Net Assets of Governmental Activities	 \$	 <u><u>15,160,676</u></u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,159,396	\$ 0	\$ 7,159,396
Intergovernmental	8,214,100	847,715	9,061,815
Investment Income	10,542	0	10,542
Tuition and Fees	31,026	0	31,026
Extracurricular Activities	0	28,493	28,493
Rentals	4,520	0	4,520
Charges for Services	117,484	0	117,484
Payment in Lieu of Taxes	17,108	0	17,108
Miscellaneous	79,130	5,154	84,284
<i>Total Revenues</i>	<u>15,633,306</u>	<u>881,362</u>	<u>16,514,668</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,568,567	0	2,568,567
Special	472,231	0	472,231
Vocational	4,656,039	68,815	4,724,854
Adult Continuing	26,032	60,434	86,466
Support Services:			
Pupils	1,471,953	242,875	1,714,828
Instructional Staff	558,646	73,401	632,047
Board of Education	36,021	0	36,021
Administration	1,705,236	5,000	1,710,236
Fiscal	504,297	0	504,297
Business	219,629	0	219,629
Operation and Maintenance of Plant	1,525,604	10,936	1,536,540
Pupil Transportation	32,325	0	32,325
Central	197,024	2,275	199,299
Operation of Non-Instructional Services	72,809	0	72,809
Extracurricular Activities	6,705	17,356	24,061
Capital Outlay	80,406	323	80,729
<i>Total Expenditures</i>	<u>14,133,524</u>	<u>481,415</u>	<u>14,614,939</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,499,782	399,947	1,899,729
Other Financing Sources (Uses):			
Transfers out	(10,000)	0	(10,000)
<i>Net Change in Fund Balance</i>	1,489,782	399,947	1,889,729
<i>Fund Balance (Deficit) at Beginning of Year</i> <i>Restated, See Note 2S</i>	<u>6,752,733</u>	<u>27,234</u>	<u>6,779,967</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 8,242,515</u>	<u>\$ 427,181</u>	<u>\$ 8,669,696</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	1,889,729
 <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. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 95,706	
Current Year Depreciation	<u>(359,122)</u>	(263,416)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(46,990)	
Delinquent Property Taxes	<u>64,186</u>	17,196
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
SHC New Member Payable	(242,339)	
Compensated Absences	(96,314)	
Vacation Benefits Payable	<u>(4,905)</u>	<u>(343,558)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>1,299,951</u></u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 7,618,449	\$ 7,565,379	\$ 7,565,530	\$ 151
Intergovernmental	8,662,994	8,213,994	8,214,100	106
Investment Income	9,600	9,600	10,542	942
Tuition and Fees	34,000	21,600	21,650	50
Rentals	4,400	3,300	4,520	1,220
Charges for Services	118,980	117,480	117,484	4
Payment in Lieu of Taxes	30,000	17,000	17,108	108
Miscellaneous	70,000	50,000	53,617	3,617
<i>Total Revenues</i>	<u>16,548,423</u>	<u>15,998,353</u>	<u>16,004,551</u>	<u>6,198</u>
Expenditures:				
Current:				
Instruction:	8,319,846	8,331,446	8,030,481	300,965
Support Services:				
Pupils	1,479,421	1,479,421	1,478,506	915
Instructional Staff	646,295	646,295	557,433	88,862
Board of Education	37,490	37,490	37,021	469
Administration	1,730,988	1,730,988	1,713,234	17,754
Fiscal	551,137	551,137	503,180	47,957
Business	197,428	208,428	207,891	537
Operation and Maintenance of Plant	1,641,526	1,653,526	1,653,117	409
Pupil Transportation	33,264	41,264	41,027	237
Central	181,985	251,985	247,822	4,163
Operation of Non-Instructional Services	81,600	81,600	71,210	10,390
Capital Outlay	1,274,146	2,361,546	2,202,581	158,965
<i>Total Expenditures</i>	<u>16,175,126</u>	<u>17,375,126</u>	<u>16,743,503</u>	<u>631,623</u>
Excess of Revenues Over (Under) Expenditures	373,297	(1,376,773)	(738,952)	637,821
Other Financing Sources (Uses):				
Insurance Recoveries	2,000	2,000	0	(2,000)
Advances In	170,176	170,176	170,176	0
Advances Out	(100,000)	(100,000)	(40,727)	59,273
Transfers Out	(20,000)	(20,000)	(10,000)	10,000
<i>Total Other Financing Sources (Uses)</i>	<u>52,176</u>	<u>52,176</u>	<u>119,449</u>	<u>67,273</u>
<i>Net Change in Fund Balance</i>	425,473	(1,324,597)	(619,503)	705,094
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,547,014	6,547,014	6,547,014	0
Prior Year Encumbrances Appropriated	310,128	310,128	310,128	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 7,282,615</u>	<u>\$ 5,532,545</u>	<u>\$ 6,237,639</u>	<u>\$ 705,094</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

Statement of Net Assets

Proprietary Funds

June 30, 2011

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 509,297	\$ 42,510	\$ 551,807
Accounts Receivable	50,970	21,977	72,947
Inventory	0	5,906	5,906
<i>Total Current Assets</i>	<u>560,267</u>	<u>70,393</u>	<u>630,660</u>
Non Current Assets:			
Depreciable Capital Assets (Net)	104,971	0	104,971
<i>Total Assets</i>	<u>665,238</u>	<u>70,393</u>	<u>735,631</u>
Liabilities			
Current Liabilities:			
Accounts Payable	1,772	2,814	4,586
Accrued Wages and Benefits	51,434	0	51,434
Vacation Benefits Payable	3,363	0	3,363
Intergovernmental Payable	18,952	0	18,952
Compensated Absences Payable	8,820	0	8,820
SHC New Member Payable	4,080	0	4,080
<i>Total Current Liabilities</i>	<u>88,421</u>	<u>2,814</u>	<u>91,235</u>
Long Term Liabilities:			
Compensated Absences	59,528	0	59,528
SHC New Member Payable	13,942	0	13,942
<i>Total Long Term Liabilities</i>	<u>73,470</u>	<u>0</u>	<u>73,470</u>
<i>Total Liabilities</i>	<u>161,891</u>	<u>2,814</u>	<u>164,705</u>
Net Assets			
Invested in Capital Assets	104,971	0	104,971
Unrestricted	398,376	67,579	465,955
<i>Total Net Assets</i>	<u>\$ 503,347</u>	<u>\$ 67,579</u>	<u>\$ 570,926</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Operating Revenues:			
Tuition	\$ 886,743	\$ 0	\$ 886,743
Sales	78,146	261,202	339,348
Other Operating Revenues	21,030	11,281	32,311
<i>Total Operating Revenues</i>	<u>985,919</u>	<u>272,483</u>	<u>1,258,402</u>
Operating Expenses:			
Salaries	662,663	0	662,663
Fringe Benefits	297,229	0	297,229
Purchased Services	64,828	0	64,828
Materials and Supplies	105,015	253,810	358,825
Depreciation	9,365	0	9,365
Other Operating Expenses	6,522	7,572	14,094
<i>Total Operating Expenses</i>	<u>1,145,622</u>	<u>261,382</u>	<u>1,407,004</u>
Operating Income (Loss)	<u>(159,703)</u>	<u>11,101</u>	<u>(148,602)</u>
Non-Operating Revenues (Expenses):			
Grants	253,821	0	253,821
<i>Income (Loss) Before Transfers</i>	94,118	11,101	105,219
Transfers in	<u>0</u>	<u>10,000</u>	<u>10,000</u>
<i>Change in Net Assets</i>	94,118	21,101	115,219
<i>Net Assets Beginning of Year, Restated See Note 2S</i>	<u>409,229</u>	<u>46,478</u>	<u>455,707</u>
<i>Net Assets End of Year</i>	<u>\$ 503,347</u>	<u>\$ 67,579</u>	<u>\$ 570,926</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities		
	Adult Education	NonMajor Enterprise Funds	Total
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 916,922	\$ 239,225	\$ 1,156,147
Other Cash Receipts	21,030	11,281	32,311
Cash Paid for Goods and Services	(153,446)	(258,940)	(412,386)
Cash Paid to Employees	(944,363)	0	(944,363)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(159,857)</u>	<u>(8,434)</u>	<u>(168,291)</u>
Cash Flows From Non-Capital Financing Activities:			
Transfers from Other Funds	0	10,000	10,000
Grants Received	253,821	0	253,821
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>253,821</u>	<u>10,000</u>	<u>263,821</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	93,964	1,566	95,530
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>415,333</u>	<u>40,944</u>	<u>456,277</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 509,297</u>	<u>\$ 42,510</u>	<u>\$ 551,807</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (159,703)	\$ 11,101	\$ (148,602)
Adjustments:			
Depreciation	9,365	0	9,365
(Increase) Decrease in Assets			
Accounts Receivable	(47,967)	(21,977)	(69,944)
Inventory	0	4,567	4,567
Increase (Decrease) in Liabilities			
Accounts Payable	1,772	(2,125)	(353)
Accrued Wages and Benefits	1,634	0	1,634
Compensated Absences and Vacation Benefits Payable	13,895	0	13,895
Intergovernmental Payable	3,125	0	3,125
Other Liabilities	18,022	0	18,022
<i>Total Adjustments</i>	<u>(154)</u>	<u>(19,535)</u>	<u>(19,689)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (159,857)</u>	<u>\$ (8,434)</u>	<u>\$ (168,291)</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 70,081
<i>Total Assets</i>	<u>\$ 70,081</u>
Liabilities	
Undistributed Monies	\$ 70,081
<i>Total Liabilities</i>	<u>\$ 70,081</u>

See accompanying notes to the basic financial statements.

Medina County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 1 - Description of the School District

The Medina County Joint Vocational School District also known as the Medina County Career Center is a vocational high school and adult and continuing education center.

Joint Vocational School Districts were created by the legislature as one means by which a school district can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has six member districts. They are: Black River Local, Buckeye Local, Cloverleaf Local, Highland Local, Brunswick City Schools and Medina City Schools. Wadsworth City Schools, the other County school, elected to remain with a consortium to provide vocational education to its students.

The Medina County Career Center's Board of Education consists of nine board members. Each local school district is represented by one board member elected from the membership of their local board. Brunswick City is represented by three board members and Medina City is represented by two board members. Each year the member districts elect or assign a board member to represent their board on the vocational school's board of education.

Reporting Entity

The Medina County Joint Vocational School District (the School District) is a school district governed by an elected Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Based on the foregoing criteria, the School District has no component units.

The School District participates in two jointly governed organizations and two public entity risk pools. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio Schools Council, the Ohio Schools Council Workers' Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 9, 14 and 15 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The School District applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to follow FASB guidance for business-type activities and enterprise

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following is the School District's proprietary fund type:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Adult Education This fund accounts for transactions made in connection with adult education.

The other enterprise funds are considered nonmajor, which account for vocational education and uniform school supplies services.

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

C. Measurement Focus

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund 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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

E. Cash and Cash Equivalents

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

During fiscal year 2011, investments were limited to repurchase agreements and STAROhio, (the State Treasurer's Investment Pool).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011. Repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,542, which includes \$1,001 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The School District has no restricted assets for 2011.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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 received. The School District maintains a capitalization threshold of \$12,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land and Construction in Progress	N/A	N/A
Buildings and Improvements	10 - 60 Years	10 - 60 Years
Furniture and Equipment	5 - 20 Years	N/A
Vehicles	8 - 10 Years	N/A
Infrastructure	20 Years	N/A

The School District's infrastructure consists of signs and street lights.

I. Interfund Balances

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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 School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources and is reported as matured compensated absences. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. 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 proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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 fiscal year.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are for instruction of students. At June 30, 2011, the School District had no net assets restricted by enabling legislation.

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

M. Fund Balance

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult and vocational education classes, and sales of uniform school supplies. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are considered non-operating.

O. Interfund Activity

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

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

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or are less than current estimates. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2011.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. The legal level of control has been established by the Board of Education at the fund level for all funds. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statement reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

R. Changes in Accounting Principles

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

S. Restatement of Fund Balances

On July 1, 2011, the School District implemented Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. As a result, a portion of the Public School Support Fund and Special Trust Fund, previously reported as Special Revenue Funds and a portion of the Vocational Education fund, previously recorded as an Enterprise Fund, were reclassified to the General Fund for GAAP reporting purposes. The following is the effect of that change in fund balances:

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Fund Balance June 30, 2010	\$ 6,710,281	\$ 52,919	\$ 6,763,200
Fund Reclassification	<u>42,452</u>	<u>(25,685)</u>	<u>16,767</u>
Restated Fund Balance July 1, 2011	<u><u>\$ 6,752,733</u></u>	<u><u>\$ 27,234</u></u>	<u><u>\$ 6,779,967</u></u>

The change in net assets is as follows:

	Governmental Activities	Business-Type Activities		
		Adult Education	NonMajor Enterprise Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance June 30, 2010	\$ 13,843,958	\$ 409,229	\$ 63,245	\$ 472,474
Fund Reclassification	<u>16,767</u>	<u>0</u>	<u>(16,767)</u>	<u>(16,767)</u>
Restated Fund Balance July 1, 2011	<u><u>\$ 13,860,725</u></u>	<u><u>\$ 409,229</u></u>	<u><u>\$ 46,478</u></u>	<u><u>\$ 455,707</u></u>

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 3 – Fund Balance

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

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

	General	Other Governmental Funds	Total
Nonspendable for:			
Inventory	\$ 147,276	\$ 0	\$ 147,276
Restricted for:			
Capital Outlay	0	300,293	300,293
Other Purposes	0	126,888	126,888
Total Restricted	0	427,181	427,181
Committed to:			
Restaurant Operations	636	0	636
Encumbrances for Capital Outlay	2,122,175	0	2,122,175
Total Committed	2,122,811	0	2,122,811
Assigned for:			
Encumbrances	372,154	0	372,154
Public School Support	24,365	0	24,365
Other Purposes	602	0	602
Total Assigned	397,121	0	397,121
Unassigned	5,575,307	0	5,575,307
Total Fund Balance (Deficit)	<u>\$ 8,242,515</u>	<u>\$ 427,181</u>	<u>\$ 8,669,696</u>

Note 4 - Budgetary Basis of Accounting

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

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the General Fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance

GAAP Basis	\$ 1,489,782
Net Adjustment for Revenue Accruals	406,462
Advance In	170,176
Advance Out	(40,727)
Net Adjustment for Expenditure Accruals	(38,552)
Funds Budgeted Elsewhere **	(6,418)
Adjustment for Encumbrances	<u>(2,600,226)</u>
Budget Basis	<u>\$ (619,503)</u>

** As part of Governmental Accounting Standards Board No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes certain special cost centers in the special trust, public school support and vocational education funds.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 5 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in these divisions are made only through eligible institutions;

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$995,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Cash on Hand: At year end, the School District had \$150 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Deposits: The carrying value of the School District's deposits totaled \$75,407 and the bank balances of the deposits totaled \$249,858. All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Investments

Investments are reported at fair value. As of June 30, 2011, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0 - 6	% Total
Repurchase Agreement	\$ 995,000	\$ 995,000	10.22%
STAROhio	8,742,510	8,742,510	89.78%
Totals	<u>\$ 9,737,510</u>	<u>\$ 9,737,510</u>	<u>100.00%</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District's investments at June 30, 2011 in STAROhio is rated AAAM by Standard & Poor's. The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. More than 5% of the School District's investments are in the repurchase agreement and STAROhio which are 10% and 90%, respectively, of the School District's total investments, for the amounts listed above.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility property and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

The School District receives property taxes from Medina, Lorain, and Summit Counties. The County Auditors and Fiscal Officers periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility real property and tangible personal property taxes which are measurable as of June 30, 2011 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 revenue.

The amount available as an advance at June 30, 2011 was \$606,673 and is recognized as revenue in the general fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	%	Amount	%
Real Property				
Residential/Agricultural	\$ 3,446,507,040	83.36%	\$ 3,207,530,030	82.13%
Commerical/Industrial	611,927,900	14.80%	621,209,590	15.91%
Tangible Personal Property				
Public Utilities	<u>76,003,761</u>	<u>1.84%</u>	<u>76,427,750</u>	<u>1.96%</u>
Total Assessed Valuation	<u>\$ 4,134,438,701</u>	<u>100.00%</u>	<u>\$ 3,905,167,370</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$3.05	\$3.05
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Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 7 - Receivables

Receivables at June 30, 2011, consisted of taxes, accounts, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2011 County appropriations yet to be received as of June 30, 2011.

Intergovernmental receivables consisted of \$93,403 in various special revenue funds for operating grants and \$212,001 in the capital grant fund for building upgrades and maintenance.

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Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 7/1/10	Additions	Reductions	Balance 6/30/11
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 794,096	\$ 0	\$ 0	\$ 794,096
Construction in Progress	0	77,206	0	77,206
Total Capital Assets, not being depreciated	794,096	77,206	0	871,302
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	11,944,091	0	0	11,944,091
Furniture and Equipment	1,496,944	18,500	0	1,515,444
Vehicles	239,735	0	0	239,735
Infrastructure	32,931	0	0	32,931
Total Capital Assets, being depreciated	13,713,701	18,500	0	13,732,201
Less Accumulated Depreciation:				
Buildings and Improvements	(5,177,395)	(266,867)	0	(5,444,262)
Furniture and Equipment	(985,324)	(76,141)	0	(1,061,465)
Vehicles	(185,636)	(14,467)	0	(200,103)
Infrastructure	(25,524)	(1,647)	0	(27,171)
Total Accumulated Depreciation	(6,373,879)	(359,122)	0	(6,733,001)
Total Capital Assets being depreciated, net	7,339,822	(340,622)	0	6,999,200
Governmental Activities Capital Assets, Net	<u>\$ 8,133,918</u>	<u>\$ (263,416)</u>	<u>\$ 0</u>	<u>\$ 7,870,502</u>
Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Buildings	\$ 347,289	\$ 0	\$ 0	\$ 347,289
Total Capital Assets, being depreciated	347,289	0	0	347,289
Less Accumulated Depreciation:				
Buildings	(232,953)	(9,365)	0	(242,318)
Total Accumulated Depreciation	(232,953)	(9,365)	0	(242,318)
Total Capital Assets being depreciated, net	114,336	(9,365)	0	104,971
Business-Type Activities Capital Assets, Net	<u>\$ 114,336</u>	<u>\$ (9,365)</u>	<u>\$ 0</u>	<u>\$ 104,971</u>

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Depreciation expense was charged as follows:

Governmental Activities:	
Instruction:	
Regular	\$ 127,622
Special	13,452
Vocational	120,313
Support Services:	
Pupil	3,122
Instructional Staff	15,609
Administration	12,487
Fiscal	12,487
Operation and Maintenance of Plant	41,926
Pupil Transportaion	5,860
Central	3,122
Operation of Non-Instructional Services	<u>3,122</u>
Total Depreciation	<u><u>\$ 359,122</u></u>
 Business-Type Activities:	
Adult Education	<u><u>\$ 9,365</u></u>

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has a comprehensive property, fleet and liability package through the Argonaut Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

The Superintendent, Board members and employees are covered under a blanket forgery and theft bond under the Argonaut policy.

The Treasurer is covered under separate bond through Travelers Casualty and Surety Company of America.

B. Workers' Compensation

The School District participates in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an Executive Director and a nine member Board of Directors. The Executive Director 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.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that meet the GRP's selection criteria. Sheakley Inc. provides administrative, cost control and actuarial services to the GRP.

B. Employee Health Benefits

The School District provides life insurance and accidental death and dismemberment insurance to its employees.

From July 1, 2010 through December 31, 2010, the School District contracted with Medical Mutual of Ohio to provide medical/surgical, dental, vision, and prescription drug benefits for its employees and their covered dependents.

Beginning January 1, 2011, the School District joined the Suburban Health Consortium (the "Consortium") to provide employee medical/surgical, drug, dental and vision benefits. The Consortium is administered by Medical Mutual of Ohio. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums and administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

Monthly premium costs for the employees and their covered dependents are shared by the School District and covered employees.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an existing School District subsequent to the settlement of all expenses and claims.

Note 10 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 365 days. Employees with ten or more years of service are paid at various rates upon termination of employment.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

Note 11- Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81% of annual covered salary was the portion used to fund pension obligations. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. For fiscal year 2010 the amount was 12.78% and for fiscal year 2009 the amount was 9.09%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2011, 2010, and 2009 were \$258,755, \$278,318 and \$196,119, respectively; 99% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$895,368, \$893,433 and \$866,008, respectively; 98% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$8,168 made by the School District and \$5,834 made by the plan members.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

C. Social Security System

Effective July, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, five members of the Board of Education have elected Social Security. The contribution rate was 6.2% of wages.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%, at June 30, 2010 and 2009, the health care allocation was .46% and 4.16%, respectively. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$31,331, \$10,018 and \$89,753, respectively; 99% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2011 this amounted to \$38,205.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years 2011, 2010 and 2009 were \$16,651, \$16,551 and 16,181, respectively; 99% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

B. State Teachers Retirement System

The School District contributes to the cost sharing multiple employer defined benefit Health 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 or by calling (888) 227-7877.

Ohio law authorized 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 portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2011, 2010 and 2009. The School District's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$68,874, \$68,914 and \$66,616, respectively; 98% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 13 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 7/1/10	Additions	Reductions	Outstanding 6/30/11	Amounts Due in One Year
Governmental Activities:					
Compensated Absences	\$ 1,480,955	\$ 154,859	\$ 58,545	\$ 1,577,269	\$ 128,939
SHC New Member Payable	0	274,351	32,012	242,339	54,868
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,480,955</u>	<u>\$ 429,210</u>	<u>\$ 90,557</u>	<u>\$ 1,819,608</u>	<u>\$ 183,807</u>
Business-Type Activities					
Compensated Absences	\$ 55,500	\$ 12,848	\$ 0 *	\$ 68,348	\$ 8,820
SHC New Member Payable	0	20,397	2,375	18,022	4,080
Total Business-Type Activities Long-Term Liabilities	<u>\$ 55,500</u>	<u>\$ 33,245</u>	<u>\$ 2,375</u>	<u>\$ 86,370</u>	<u>\$ 12,900</u>

* There were no severance payouts in the business-type activities in fiscal year 2011.

Compensated absences are generally paid by the general or adult education fund.

On January 1, 2011, the School District entered into an agreement to join the Suburban Health Consortium. Within the agreement, the fee to buy in to the consortium was \$294,748, payable in 60 monthly installments. See Note 15 for further details.

Note 14- Jointly Governed Organizations

A. Northeast Ohio Network for Educational Technology (NEOnet)

The Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization among 27 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of these schools supports NEOnet based upon a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. NEOnet is governed by a Board of Directors chosen from the general membership of the NEOnet Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least three at-large Assembly members. During the fiscal year 2011, the District contributed \$44,031 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Summit County, who serves as the fiscal agent, at 420 Washington Avenue, Cuyahoga Falls, OH 44221.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

B. Ohio Schools Council

The Ohio Schools Council (OSC) is a jointly governed organization comprised of seventy-two school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service, and insurance. Each member provides operating resources to OSC via a monthly administrative fee and an actual usage charge, except for insurance.

The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. During the year ended June 30, 2011, the School District paid approximately \$1,906 to the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio.

Note 15 – Shared Risk Pool

The Suburban Health Consortium (the “Consortium”) is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent’s designee to be its representative of the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also sets all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (North Royalton City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Board of Directors and carry out such other responsibilities as approved by the Board of Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Board of Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Members' current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the North Royalton City School District (the Fiscal Agent) at 6579 Royalton Road, North Royalton, Ohio 44133.

Note 16 – Contingencies

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

Note 17 - Interfund Balances

Interfund balances at June 30, 2011 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 40,727	\$ 0
Nonmajor Governmental Funds	0	40,727
	<u>\$ 40,727</u>	<u>\$ 40,727</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund payables outstanding are anticipated to be repaid in fiscal year 2011.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 18 - Interfund Transfers

Transfers made during fiscal year 2011 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 10,000
Nonmajor Enterprise Funds	10,000	0
Total	\$ 10,000	\$ 10,000

In 2011, transfers were made to move general fund unrestricted balances to support programs and projects accounted for in other funds.

Note 19 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set Aside Reserve Balance Jun 30, 2010	\$ 0	\$ 0
Current Year Set-Aside Requirement	179,316	179,316
Contributions in Excess of the Current Fiscal Year		
Set Aside Requirement	0	0
Current Year Qualifying Expenditures	(402,210)	(658,942)
Excess Qualified Expenditures from Prior Years	0	(6,359,046)
Current Year Offsets	0	0
Waiver Granted by the Department of Education	0	0
Prior Year Offset from Bond Proceeds	0	0
Total	\$ (222,894)	\$ (6,838,672)
Balance Carried Forward to Fiscal Year 2012	<u>\$ 0</u>	<u>\$ 0</u>
Set Aside Reserve Balance June 30, 2011	<u>\$ 0</u>	<u>\$ 0</u>

The textbook set-asides had qualifying disbursements during the year that reduced the reserve balance below zero. Effective July 1, 2011, textbook set-aside laws have been repealed.

Medina County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 20 - Contractual Commitments

As of June 30, 2011, the School District had contractual commitments for the following:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 6/30/2011</u>
Exterior Renovation	\$ 2,276,550	\$ 22,143	\$ 2,254,407
IT Lab Renovation	<u>145,727</u>	<u>55,063</u>	<u>90,664</u>
	<u>\$ 2,422,277</u>	<u>\$ 77,206</u>	<u>\$ 2,345,071</u>



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

November 15, 2011

To the Board of Education
Medina County Joint Vocational School District
Medina County, Ohio
1101 West Liberty Street
Medina, Ohio 44256

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Medina County Joint Vocational School District (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated November 15, 2011.

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

Rea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

Independent Accountants' Report on Applying Agreed-Upon Procedure

November 15, 2011

To the Board of Education
Medina County Joint Vocational School District
Medina County
1101 West Liberty Street
Medina, Ohio 44256

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 Medina County Joint Vocational School District 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 October 25, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 of Education and Management and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



Dave Yost • Auditor of State

MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 5, 2012**