



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Central Ohio Joint Vocational School District
7787 State Route 42 N.E.
Plain City, Ohio 43064

We have audited the accompanying general-purpose financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

November 21, 2000

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Capital	Fund Type	Fund Type	General	General	(Memorandum)
		Revenue	Project	Enterprise	Agency	Fixed Assets	Long Term	(Only)
Assets and Other Debits:								
Equity in Pooled Cash and Investments	\$ 15,332,225	76,234	556,249	60,511	26,910	0	0	\$ 16,052,129
Restricted Assets	144,455	0	0	0	0	0	0	144,455
Taxes Receivable	6,729,248	0	0	0	0	0	0	6,729,248
Interfund Receivables	53,407	0	0	0	0	0	0	53,407
Intergovernmental Receivables	7,875	48,450	0	1,984	0	0	0	58,309
Accounts Receivable	299,087	0	6,335	5,749	0	0	0	311,171
Supply Inventory	41,590	0	0	900	0	0	0	42,490
Inventory for Resale	0	0	0	1,178	0	0	0	1,178
Property, Plant & Equipment	0	0	0	156,913	0	15,760,055	0	15,916,968
Accumulated Depreciation, where Applicable	0	0	0	(84,098)	0	0	0	(84,098)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	343,253	343,253
Total Assets and Other Debits	\$ 22,607,887	124,684	562,584	143,137	26,910	15,760,055	343,253	\$ 39,568,510

(Continued)

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS, Continued
JUNE 30, 2000**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Project	Fund Type Enterprise	Fund Type Agency	General Fixed Assets	General Long Term	(Memorandum Only)
Liabilities:								
Interfund Payables	\$ 0	53,407	0	0	0	0	0	\$ 53,407
Intergovernmental Payables	69,018	3,712	0	5,396	15,996	0	586	94,708
Accounts Payable	79,079	18,750	0	100	112	0	0	98,041
Accrued Salaries and Benefits	503,678	27,461	0	15,847	0	0	0	546,986
Deferred Revenue	5,775,891	0	0	993	0	0	0	5,776,884
Due to Others	0	0	0	0	10,802	0	0	10,802
Leases Payable	0	0	0	0	0	0	4,138	4,138
Compensated Absences Payable	28,203	0	0	1,035	0	0	338,529	367,767
Total Liabilities	6,455,869	103,330	0	23,371	26,910	0	343,253	6,952,733
Fund Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	15,760,055	0	15,760,055
Contributed Capital	0	0	0	88,115	0	0	0	88,115
Retained Earnings	0	0	0	31,651	0	0	0	31,651
Fund Balances:								
Reserved for Supply Inventory	41,590	0	0	0	0	0	0	41,590
Reserved for Encumbrances	52,853	0	0	0	0	0	0	52,853
Reserved for Budget Stabilization	144,455	0	0	0	0	0	0	144,455
Reserved for Future Appropriation	953,357	0	0	0	0	0	0	953,357
Unreserved Fund Balance	14,959,763	21,354	562,584	0	0	0	0	15,543,701
Total Fund Balances	16,152,018	21,354	562,584	0	0	0	0	16,735,956
Total Fund Balances/Retained Earnings and Other Credits	16,152,018	21,354	562,584	119,766	0	15,760,055	0	32,615,777
Total Liabilities, Fund Equity, and Other Credits	\$ 22,607,887	124,684	562,584	143,137	26,910	15,760,055	343,253	\$ 39,568,510

See Accompanying Notes to the General Purpose Financial Statements

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Totals 2000 (Memorandum) (Only)
	General	Special Revenue	Capital Project	
REVENUES:				
Revenue from Local Sources:				
Taxes	\$ 5,716,023	0	0	\$ 5,716,023
Tuition	16,800	0	0	16,800
Transportation Fees	7,875	0	0	7,875
Earnings on Investments	820,184	0	31,083	851,267
Miscellaneous	75,653	1,216	0	76,869
Revenue from State Sources:				
Unrestricted Grants-in-Aid	2,585,221	4,026	0	2,589,247
Restricted Grants-in-Aid	0	145,456	0	145,456
Revenue from Federal Sources:				
Restricted Grants-in-Aid	0	236,184	0	236,184
Total Revenue	9,221,756	386,882	31,083	9,639,721
EXPENDITURES:				
Current:				
Instruction:				
Regular	395,322	2,934	0	398,256
Special	163,043	0	0	163,043
Vocational	2,603,625	216,416	0	2,820,041
Adult/Continuing Instruction	0	32,308	0	32,308
Supporting Services:				
Pupils	700,441	94,491	0	794,932
Instructional Staff	496,929	33,399	0	530,328
Board of Education	33,525	0	0	33,525
Administration	444,607	0	0	444,607
Fiscal Services	229,358	0	0	229,358
Business	729	0	0	729
Operation & Maintenance-Plant	1,079,187	0	0	1,079,187
Pupil Transportation	13,854	0	0	13,854
Central	88,999	21,297	0	110,296
Extracurricular-Occupation Oriented	10,400	0	0	10,400
Capital Outlay:				
Other Facility Acquisition & Construction	397,356	0	0	397,356
Total Expenditures	6,657,375	400,845	0	7,058,220
Excess of Revenues				
Over Expenditures	2,564,381	(13,963)	31,083	2,581,501
Other Financing Sources (Uses):				
Other Financing Sources:				
Other Sources	(3,194)	0	0	(3,194)
Other Financing Uses:				
Transfer-Out	(55,000)	0	0	(55,000)
Net Other Financing Sources (Uses)	(58,194)	0	0	(58,194)
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	2,506,187	(13,963)	31,083	2,523,307
Increase in Supply Inventory	8,730	0	0	8,730
Beginning Fund Balance	13,637,101	35,317	531,501	14,203,919
Ending Fund Balance	\$ 16,152,018	21,354	562,584	\$ 16,735,956

See Accompanying Notes to the General Purpose Financial Statements

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues:						
Taxes	\$ 5,717,462	6,080,697	363,235	0	0	\$ 0
Tuition	16,000	16,800	800	0	0	0
Transportation Fees	13,000	8,966	(4,034)	0	0	0
Earnings on Investment	287,000	779,913	492,913	0	0	0
Miscellaneous	9,000	9,081	81	0	1,216	1,216
State Unrestricted Grants-in-Aid	2,459,100	2,585,221	126,121	3,026	4,026	1,000
State Restricted Grants-in-Aid	0	0	0	153,862	144,238	(9,624)
Federal Restricted Grants-in-Aid	0	0	0	268,834	232,987	(35,847)
Total Revenue	<u>8,501,562</u>	<u>9,480,678</u>	<u>979,116</u>	<u>425,722</u>	<u>382,467</u>	<u>(43,255)</u>
Expenditures:						
Regular Instruction	512,100	376,238	135,862	2,934	2,934	0
Special Instruction	221,593	161,192	60,401	0	0	0
Vocational Instruction	4,870,514	2,571,587	2,298,927	247,875	212,072	35,803
Adult/Continuing Instruction	0	0	0	33,251	32,110	1,141
Support Services-Pupils	9,006,909	718,052	8,288,857	96,073	94,456	1,617
Support Services-Instructional Staff	845,664	501,728	343,936	33,290	33,399	(109)
Support Services-Board of Education	342,040	36,477	305,563	0	0	0
Support Services-Administration	604,123	466,826	137,297	0	0	0
Fiscal Services	312,089	234,448	77,641	0	0	0
Support Services-Business	20,500	729	19,771	0	0	0
Operation & Maintenance-Plant	2,747,197	1,124,811	1,622,386	0	0	0
Support Services-Transportation	10,000	4,009	5,991	0	0	0
Support Services-Central	132,300	91,988	40,312	22,111	21,297	814
Occupation Oriented Activities	20,000	10,400	9,600	0	0	0
Site Acquisition	5,000	0	5,000	0	0	0
Site Improvement	100,000	0	100,000	0	0	0
Building Acquisition & Construction	1,290,400	375,095	915,305	0	0	0
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
Total Expenditures	<u>21,040,429</u>	<u>6,673,580</u>	<u>14,366,849</u>	<u>446,534</u>	<u>396,268</u>	<u>50,266</u>
Excess of Revenue Over (Under) Expenditures	(12,538,867)	2,807,098	15,345,965	(20,812)	(13,801)	7,011
Other Financing Sources (Uses):						
Advances-In	0	42,229	42,229	0	53,408	53,408
Transfer-Out	(50,000)	(55,000)	(5,000)	0	0	0
Advances-Out	0	(53,408)	(53,408)	0	(42,229)	(42,229)
Total Other Sources (Uses)	<u>(50,000)</u>	<u>(66,179)</u>	<u>(16,179)</u>	<u>0</u>	<u>11,179</u>	<u>11,179</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,588,867)	2,740,919	15,329,786	(20,812)	(2,622)	18,190
Beginning Fund Balance	12,172,219	12,172,219	--	60,109	60,109	--
Prior Year Carry Over Encumbrances	374,419	374,419	--	0	0	--
Ending Fund Balance	<u>\$ (42,229)</u>	<u>15,287,557</u>	<u>15,329,786</u>	<u>39,297</u>	<u>57,487</u>	<u>\$ 18,190</u>

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES - Continued
YEAR ENDED JUNE 30, 2000**

	Capital Project Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	5,717,462	6,080,697	\$ 363,235
Tuition	0	0	0	16,000	16,800	800
Transportation Fees	0	0	0	13,000	8,966	(4,034)
Earnings on Investment	20,000	24,749	4,749	307,000	804,662	497,662
Miscellaneous	0	0	0	9,000	10,297	1,297
State Unrestricted Grants-in-Aid	0	0	0	2,462,126	2,589,247	127,121
State Restricted Grants-in-Aid	0	0	0	153,862	144,238	(9,624)
Federal Restricted Grants-in-Aid	0	0	0	268,834	232,987	(35,847)
Total Revenue	20,000	24,749	4,749	8,947,284	9,887,894	940,610
Expenditures:						
Regular Instruction	0	0	0	515,034	379,172	135,862
Special Instruction	0	0	0	221,593	161,192	60,401
Vocational Instruction	0	0	0	5,118,389	2,783,659	2,334,730
Adult/Continuing Instruction	0	0	0	33,251	32,110	1,141
Support Services-Pupils	0	0	0	9,102,982	812,508	8,290,474
Support Services-Instructional Staff	0	0	0	878,954	535,127	343,827
Support Services-Board of Education	0	0	0	342,040	36,477	305,563
Support Services-Administration	0	0	0	604,123	466,826	137,297
Fiscal Services	0	0	0	312,089	234,448	77,641
Support Services-Business	0	0	0	20,500	729	19,771
Operation & Maintenance-Plant	0	0	0	2,747,197	1,124,811	1,622,386
Support Services-Transportation	0	0	0	10,000	4,009	5,991
Support Services-Central	0	0	0	154,411	113,285	41,126
Occupation Oriented Activities	0	0	0	20,000	10,400	9,600
Site Acquisition	0	0	0	5,000	0	5,000
Site Improvement	0	0	0	100,000	0	100,000
Building Acquisition & Construction	551,500	0	551,500	1,841,900	375,095	1,466,805
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
Total Expenditures	551,500	0	551,500	22,038,463	7,069,848	14,968,615
Excess of Revenue Over (Under) Expenditures	(531,500)	24,749	556,249	(13,091,179)	2,818,046	15,909,225
Other Financing Sources (Uses):						
Advances-In	0	0	0	0	95,637	95,637
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	(50,000)	(55,000)	(5,000)
Advances-Out	0	0	0	0	(95,637)	(95,637)
Total Other Sources (Uses)	0	0	0	(50,000)	(55,000)	(5,000)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(531,500)	24,749	556,249	(13,141,179)	2,763,046	15,904,225
Beginning Fund Balance	531,501	531,501	--	12,763,829	12,763,829	--
Prior Year Carry Over Encumbrances	0	0	--	374,419	374,419	--
Ending Fund Balance	\$ 1	556,250	556,249	(2,931)	15,901,294	\$ 15,904,225

See Accompanying Notes to the General Purpose Financial Statements

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2000**

	Enterprise Funds
Operating Revenues:	
Tuition	\$ 99,854
Food Service	123,226
Miscellaneous	23,037
Classroom Materials & Fees	36,619
Total Operating Revenue	282,736
Operating Expenses:	
Salary and Wages	193,745
Employee Benefits	41,826
Purchased Services	7,499
Supplies and Materials	135,554
Depreciation	2,791
Total Operating Expenses	381,415
Operating Loss	(98,679)
Non-Operating Revenues:	
Earnings on Investment	358
State Unrestricted Grants-In-Aid	28,996
State Restricted Grants-In-Aid	470
Federal Unrestricted Grants-In-Aid	9,890
Federal Restricted Grants-In-Aid	3,272
Total Non-Operating Revenues:	42,986
Transfers-In	55,000
Total Transfers	55,000
Net (Loss)	(693)
Beginning Retained Earnings	32,344
Retained Earnings at End of Year	\$ 31,651

See Accompanying Notes to the General Purpose Financial

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2000**

	Enterprise Funds
Cash Flows from Operating Activities	
Operating Loss	\$ (98,679)
Adjustments to Reconcile Operating Loss	
To Net Cash used in Operating Activities:	
Depreciation	2,791
Net (Increases) Decreases in Assets:	
Intergovernmental Receivables	(869)
Accounts Receivable	10,413
Supply Inventory	(174)
Inventory	801
Net Increases (Decreases) in Liabilities:	
Intergovernmental Payables	1,141
Accounts Payable	(5,140)
Accrued Wages & Benefits	2,625
Deferred Revenue	309
Compensated Absences	1,035
Net Adjustments	12,932
Net Cash Used in Operating Activities	(85,747)
Cash Flows from Noncapital Financing Activities:	
Earnings on Investments	358
Grants from State Sources	29,466
Grants from Federal Sources	9,890
Federal Commodities	3,272
Transfers from Other Funds	55,000
Net Cash Provided by Noncapital Financing Sources	97,986
Net Increase in Cash & Cash Equivalents	12,239
Cash and Cash Equivalents at Beginning of Year	48,272
Cash and Cash Equivalents at End of Year	\$ 60,511

See Accompanying Notes to the General Purpose Financial Statements

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**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described below.

A. Reporting Entity

The District was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District has been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

Management believes the financial statements included in this report represent all of the funds over which the District is financially accountable.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund

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

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by the general, proprietary and trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Funds

These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Agency Funds

These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups:

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The account groups are:

General Fixed Assets Account Group

This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The District has elected, under GASB No.20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

The modified accrual basis of accounting is followed for the Governmental Fund Types, Expendable Trust and Agency Funds.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when become both measurable and available to finance expenditures of the current period). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures.

In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

D. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through 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, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Madison County Budget Commission for rate determination.

Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons 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, consistent with statutory provisions.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), commercial paper, bankers acceptances, treasury notes, federal agency securities, and repurchase agreements.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. All investment earnings accrue to the General Fund, the Capital Projects Fund and the Enterprise Funds. Interest income earned in fiscal year 2000 totaled \$851,625 which included \$ 54,120 assigned from other School District funds.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories of governmental funds are stated at cost, which approximates market, while inventories of proprietary funds are stated at the lower of cost (first-in, first-out) or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Supplies inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed (consumption method). Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds and the governmental fund consist of donated food, purchased food, school supplies held for resale, and other items and are expended when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of 5 to 20 years of the assets.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants and federal commodities are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Education Management Information System
E Rate

Non-Reimbursable Grants

Special Revenue Funds

Career Development
Teacher Development
Data Communication
Adult Basic Education
Vocational Education - Carl D. Perkins
Title VI
Miscellaneous Federal Grants

Proprietary Funds

Adult Education

Reimbursable Grants

General Fund

Vocational Education - Matching Funds

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 30% of the District's total revenue during the 2000 fiscal year.

J. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000 the District had \$53,407 in interfund receivables/payables.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws.

Sick Leave: Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum of 260 days. Upon evidence of retirement and five years of full-time service in the District, payment is paid for accumulated unused sick days in one lump sum up to one-fourth (1/4) of the total accumulated sick leave not to exceed 65 days multiplied by the per diem rate at the time of retirement.

Vacation Pay: Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Although each employee is encouraged to use vacation leave as earned, such leave may accumulate to a maximum of two-years.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Only administrative and twelve month school support personnel accumulate vacation on the following factors:

School Support Personnel	Vacation Leave
After 1 Year	10 Days
5 or more Years	15 Days
10 or more Years	20 Days

All administrative personnel earn twenty days vacation leave annually.

L. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed.

M. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities for proprietary fund operations are accounted for in those funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Restricted Assets

Restricted assets in the general fund represent an intergovernmental receivable set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations. Unreserved fund balance indicates that portion of fund equity which is available for appropriation. Fund equity reserves are established for inventory, encumbrances, budget stabilization and future appropriations.

Q. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Estimates

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

2. BUDGETARY BASIS OF ACCOUNTING

While the 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. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis), for all Governmental Fund Types is presented 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General Fund	Special Revenue	Capital Project
GAAP Basis	\$ 2,506,187	(13,963)	\$ 31,083
Increase (Decrease):			
Due to Revenues:			
Net Adjustments to Revenue Accruals	258,922	(4,415)	(6,334)
Due to Expenditures:			
Net Adjustments to Expenditure Accruals	(16,205)	4,577	0
Due to Other	(7,985)	11,179	0
Budget Basis	\$ 2,740,919	(2,622)	\$ 24,749

3. CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

Interim monies may 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;

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

3. CASH AND INVESTMENTS (Continued)

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. Bond 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year end, the carrying amount of the District's deposits was \$997,059 and the bank balance was \$1,054,674. Of the bank balance, all was covered by Federal Depository Insurance.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

3. CASH AND INVESTMENTS (Continued)

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			Reported Amount	Fair Value
	1	2	3		
Federal Agencies	\$ 0	0	13,899,075	\$ 13,899,075	\$ 13,893,216
STAR Ohio				1,300,200	1,300,200
Total Investments				<u>\$ 15,199,275</u>	<u>\$ 15,193,416</u>

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

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

	Cash and Investments	Investments
GASB Statement No. 9	\$ 16,196,584	\$ 0
Investments:		
Federal Agencies	(13,899,075)	13,899,075
STAR Ohio	(1,300,200)	1,300,200
Cash on Hand	(250)	
GASB Statement No. 3	<u>\$ 997,059</u>	<u>\$ 15,199,275</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year.

Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Madison, Franklin, Union, Delaware, and Fayette Counties. Tax settlements are made each February and August for real property taxes and each June and October for personal property taxes.

The full tax rate for the fiscal year ended June 30, 2000, was \$1.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 1999 taxes were collected were as follows:

Real Property	\$ 3,788,126,620
Personal Property	<u>639,043,478</u>
Total Assessed Value	<u><u>\$ 4,427,170,098</u></u>

Uncollectible taxes outstanding, available to the District within 60 days after fiscal year end are recorded as receivables at June 30. The receivable is offset by a credit to deferred revenue since the receivables represent taxes recorded in advance of the year for which they are intended to finance.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

5. RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Transportation Fees	\$ 7,875
Special Revenue Funds:	
Career Development	14,624
ABLE Grant	2,576
CDP Grant	<u>31,250</u>
Total Special Revenue Funds	48,450
Proprietary Funds:	
Adult Education	<u>1,984</u>
Grand Total	<u><u>\$ 58,309</u></u>

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent 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 District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$87,356, \$93,554 and \$77,394, respectively; 95 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$8,066 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$536,118, \$585,413 and \$523,470 respectively; 88 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$65,365 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

7. POSTEMPLOYMENT BENEFITS

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

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

7. POSTEMPLOYMENT BENEFITS (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$306,353 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$43,044 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

8. INTERFUND TRANSACTIONS

At June 30, 2000, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 53,407	\$ 0
Special Revenue Funds	0	53,407
	\$ 53,407	\$ 53,407

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

9. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2000.

10. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$ 156,913
Less Accumulated Depreciation	<u>(84,098)</u>
Net Fixed Assets	<u><u>\$ 72,815</u></u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Improvements	\$ 150,000	0	0	\$ 150,000
Buildings	10,825,940	0	0	10,825,940
Furniture and Equipment	4,488,398	128,731	245,925	4,371,204
Vehicles	193,764	219,147	0	412,911
Total General Fixed Assets	<u><u>\$ 15,658,102</u></u>	<u><u>347,878</u></u>	<u><u>245,925</u></u>	<u><u>\$ 15,760,055</u></u>

The District had no construction in progress at June 30, 2000.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

11. SEGMENTS INFORMATION FOR ENTERPRISE FUNDS

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education Fund	Total
Operating Revenues	\$ 123,226	23,037	136,473	\$ 282,736
Operating Expenses:				
Depreciation	2,791	0	0	2,791
Other	147,223	18,760	212,641	378,624
Total Operating Expenses	<u>150,014</u>	<u>18,760</u>	<u>212,641</u>	<u>381,415</u>
Operating Income (loss)	<u>(26,788)</u>	<u>4,277</u>	<u>(76,168)</u>	<u>(98,679)</u>
Non Operating Revenues and				
Grants	13,632	0	28,996	42,628
Earnings on Investments	358	0	0	358
Transfers In	10,000	0	45,000	55,000
Net Income (loss)	<u>\$ (2,798)</u>	<u>4,277</u>	<u>(2,172)</u>	<u>\$ (693)</u>
Net Working Capital	\$ (7,878)	24,780	30,049	\$ 46,951
Retained Earnings	\$ (23,178)	24,780	30,049	\$ 31,651
Contributed Capital Balance	\$ 88,115	0	0	\$ 88,115

12. CAPITAL LEASES

The District is making installment payments for three copiers purchased with an original cost of \$35,278. This equipment has been capitalized in the general fixed assets account group. This obligation provides for interest at a rate of 6% with an outstanding balance of \$4,138 at June 30, 2000.

Payment for the installment purchase obligations as of June 30, 2000, and related interest.

	Principal	Interest	Payment
FY2001	\$ 4,138	1,826	\$ 5,964
	<u>\$ 4,138</u>	<u>1,826</u>	<u>\$ 5,964</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

13. RISK MANAGEMENT

General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The district has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, the District maintains a \$5,000,000 umbrella liability policy.

The District maintains replacement cost insurance on buildings and contents in the amount of \$19,594,000. The District maintains fleet insurance in the amount of \$1,000,000 per accident. The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment.

Workers' Compensation-Public Entity Risk Pool

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

Health Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Center insurance purchasing program. The District has elected to provide employee medical/surgical benefits and dental through Medical Mutual of Ohio, a fully funded program.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC.

15. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$1,917,535 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

16. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$ 98,936	\$ 98,936
Current Year Set-Aside Requirement	216,683	216,683	45,519	478,885
Qualifying Disbursements	<u>(216,683)</u>	<u>(216,683)</u>	<u>0</u>	<u>(433,366)</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,455</u>	<u>\$ 144,455</u>
Cash Balance Carried Forward to FY2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,455</u>	
Amount Restricted for Budget Stabilization				<u>\$ 144,455</u>
Total Restricted Assets				<u>\$ 144,455</u>

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STATE OF OHIO
OFFICE OF THE AUDITOR
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education
Central Ohio Joint Vocational School District
Madison County
7877 State Route 42 N.E.
Plain City, Ohio 43064

We have audited the general-purpose financial statements of Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 21, 2000.

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

JIM PETRO
Auditor of State

November 21, 2000



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CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 12, 2000**