

**JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

Joint Vocational School District
Jefferson County
1509 State Highway 22A
Bloomingdale, Ohio 43910-7965

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Joint Vocational School District, Jefferson County, (the District) as of and for the year ended June 30, 1999, 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, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 1999, 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.



Jim Petro
Auditor of State

December 17, 1999

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$206,315	\$45,294	\$54,969
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Receivables:			
Property and Other Taxes	1,561,870	0	125,566
Accounts	997	0	0
Intergovernmental	200	0	0
Interfund	122,980	0	0
Materials and Supplies Inventory	10,459	0	0
Inventory Held for Resale	0	0	0
Prepaid Items	46,385	753	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	46,715	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Due to Students			
Other Debits:			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$1,995,921</u>	<u>\$46,047</u>	<u>\$180,535</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$14,818	\$628	\$2,943
Accrued Wages and Benefits	255,886	13,477	0
Compensated Absences Payable	8,404	0	0
Interfund Payable	0	47,198	57,562
Intergovernmental Payable	45,302	2,398	24,370
Deferred Revenue	1,119,773	0	92,232
Due to Students	0	0	0
Claims Payable	0	0	0
Long-Term Pension Liability	0	0	0
Total Liabilities	<u>1,444,183</u>	<u>63,701</u>	<u>177,107</u>
Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	29,165	14,633	8,642
Reserved for Inventory	10,459	0	0
Reserved for Property Taxes	442,097	0	33,334
Reserved for Budget Stabilization	46,715	0	0
Unreserved:			
Undesignated (Deficit)	23,302	(32,287)	(38,548)
Total Equity and Other Credits	<u>551,738</u>	<u>(17,654)</u>	<u>3,428</u>
Total Liabilities, Equity and Other Credits	<u>\$1,995,921</u>	<u>\$46,047</u>	<u>\$180,535</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$4,290	\$0	\$14,529	\$0	\$0	\$325,397
0	13,968	0	0	0	13,968
0	0	0	0	0	1,687,436
0	0	0	0	0	997
3,802	0	0	0	0	4,002
0	0	0	0	0	122,980
629	0	0	0	0	11,088
3,705	0	0	0	0	3,705
764	0	0	0	0	47,902
0	0	0	0	0	46,715
9,909	0	0	7,240,679	0	7,250,588
0	0	0	0	234,611	234,611
<u>\$23,099</u>	<u>\$13,968</u>	<u>\$14,529</u>	<u>\$7,240,679</u>	<u>\$234,611</u>	<u>\$9,749,389</u>
\$0	\$0	\$0	\$0	\$0	\$18,389
3,453	0	0	0	0	272,816
1,216	0	0	0	231,924	241,544
18,220	0	0	0	0	122,980
6,309	0	0	0	0	78,379
2,614	0	0	0	0	1,214,619
0	0	14,529	0	0	14,529
0	211,820	0	0	0	211,820
0	0	0	0	2,687	2,687
<u>31,812</u>	<u>211,820</u>	<u>14,529</u>	<u>0</u>	<u>234,611</u>	<u>2,177,763</u>
0	0	0	7,240,679	0	7,240,679
114,101	0	0	0	0	114,101
(122,814)	(197,852)	0	0	0	(320,666)
0	0	0	0	0	52,440
0	0	0	0	0	10,459
0	0	0	0	0	475,431
0	0	0	0	0	46,715
0	0	0	0	0	(47,533)
<u>(8,713)</u>	<u>(197,852)</u>	<u>0</u>	<u>7,240,679</u>	<u>0</u>	<u>7,571,626</u>
<u>\$23,099</u>	<u>\$13,968</u>	<u>\$14,529</u>	<u>\$7,240,679</u>	<u>\$234,611</u>	<u>\$9,749,389</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Property and Other Taxes	\$1,505,595	\$0	\$113,379	\$1,618,974
Intergovernmental	1,735,220	338,884	67,308	2,141,412
Interest	19,373	0	0	19,373
Tuition and Fees	84,697	0	0	84,697
Extracurricular Activities	0	9,752	0	9,752
Miscellaneous	2,661	34	0	2,695
Total Revenues	3,347,546	348,670	180,687	3,876,903
Expenditures:				
Current:				
Instruction:				
Regular	164,861	0	0	164,861
Special	90,071	0	0	90,071
Vocational	1,930,111	183,676	0	2,113,787
Other	0	0	0	0
Support Services:				
Pupils	98,016	96,755	0	194,771
Instructional Staff	182,635	22,490	0	205,125
Board of Education	29,876	0	0	29,876
Administration	137,077	13,807	0	150,884
Fiscal	154,333	0	0	154,333
Operation and Maintenance of Plant	386,859	7,137	0	393,996
Pupil Transportation	4,949	0	0	4,949
Capital Outlay	0	0	287,804	287,804
Debt Service:				
Interest and Fiscal Charges	799	0	0	799
Total Expenditures	3,179,587	344,019	287,804	3,811,410
Excess of Revenues Over/(Under) Expenditures	167,959	4,651	(107,117)	65,493
Other Financing Sources (Uses):				
Gain on the Sale of Fixed Assets	2,207	0	0	2,207
Operating Transfers In	0	7,635	25,322	32,957
Operating Transfers Out	(32,957)	0	0	(32,957)
Total Other Financing Sources (Uses)	(30,750)	7,635	25,322	2,207
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	137,209	12,286	(81,795)	67,700
Fund Balances at Beginning of Year - Restated Note 3	413,462	(29,940)	85,223	468,745
Increase in Reserve for Inventory	1,067	0	0	1,067
Fund Balances at End of Year	\$551,738	(\$17,654)	\$3,428	\$537,512

The notes to the general-purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property and Other Taxes	\$1,500,367	\$1,500,367	\$0
Intergovernmental	1,740,153	1,740,153	0
Interest	19,373	19,373	0
Tuition and Fees	84,697	84,697	0
Extracurricular Activities	0	0	0
Miscellaneous	1,464	1,464	0
Total Revenues	3,346,054	3,346,054	0
Expenditures:			
Current:			
Instruction:			
Regular	167,528	165,986	1,542
Special	94,213	94,376	(163)
Vocational	1,948,772	1,929,467	19,305
Support Services:			
Pupils	96,936	96,925	11
Instructional Staff	176,011	175,591	420
Board of Education	38,513	33,987	4,526
Administration	149,920	147,310	2,610
Fiscal	163,181	155,620	7,561
Operation and Maintenance of Plant	449,159	417,782	31,377
Pupil Transportation	5,990	5,045	945
Central	300	0	300
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	3,290,523	3,222,089	68,434
Excess of Revenues Over (Under) Expenditures	55,531	123,965	68,434
Other Financing Sources (Uses):			
Gain on the Sale of Fixed Assets	2,207	2,207	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	(83,756)	(83,756)
Advances In	124,293	124,293	0
Advances Out	0	(122,980)	(122,980)
Total Other Financing Sources (Uses)	126,500	(80,236)	(206,736)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	182,031	43,729	(138,302)
Fund Balances at Beginning of Year	118,881	118,881	0
Prior Year Encumbrances Appropriated	46,439	46,439	0
Fund Balances at End of Year	\$347,351	\$209,049	(\$138,302)

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
338,884	338,884	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,752	9,752	0	0	0	0
34	34	0	0	0	0
<u>348,670</u>	<u>348,670</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
217,368	207,276	10,092	0	0	0
95,903	91,050	4,853	0	0	0
31,964	32,178	(214)	0	0	0
0	0	0	0	0	0
24,284	16,684	7,600	0	0	0
0	0	0	0	0	0
7,137	7,137	0	0	0	0
0	0	0	0	0	0
18,635	20,154	(1,519)	0	0	0
0	0	0	50,000	50,000	0
0	0	0	6,300	799	5,501
<u>395,291</u>	<u>374,479</u>	<u>20,812</u>	<u>56,300</u>	<u>50,799</u>	<u>5,501</u>
<u>(46,621)</u>	<u>(25,809)</u>	<u>20,812</u>	<u>(56,300)</u>	<u>(50,799)</u>	<u>5,501</u>
0	0	0	0	0	0
7,635	7,635	0	50,799	50,799	0
0	0	0	0	0	0
47,198	47,198	0	0	0	0
0	(45,769)	(45,769)	0	0	0
<u>54,833</u>	<u>9,064</u>	<u>(45,769)</u>	<u>50,799</u>	<u>50,799</u>	<u>0</u>
8,212	(16,745)	(24,957)	(5,501)	0	5,501
28,898	28,898	0	0	0	0
17,881	17,881	0	0	0	0
<u>\$54,991</u>	<u>\$30,034</u>	<u>(\$24,957)</u>	<u>(\$5,501)</u>	<u>\$0</u>	<u>\$5,501</u>

(continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$112,928	\$112,928	\$0
Intergovernmental	73,308	73,308	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	186,236	186,236	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	64,370	55,038	9,332
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	2,234	2,273	(39)
Operation and Maintenance of Plant	220,196	216,041	4,155
Pupil Transportation	0	0	0
Central	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	286,800	273,352	13,448
Excess of Revenues Over (Under) Expenditures	(100,564)	(87,116)	13,448
Other Financing Sources (Uses):			
Gain on the Sale of Fixed Assets	0	0	0
Operating Transfers In	25,322	25,322	0
Operating Transfers Out	0	0	0
Advances In	57,562	57,562	0
Advances Out	0	(78,524)	(78,524)
Total Other Financing Sources (Uses)	82,884	4,360	(78,524)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,680)	(82,756)	(65,076)
Fund Balances at Beginning of Year	124,084	124,084	0
Prior Year Encumbrances Appropriated	2,054	2,054	0
Fund Balances at End of Year	\$108,458	\$43,382	(\$65,076)

The notes to the general-purpose financial statements are an integral part of this statement.

Totals (Memorandum Only)

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$1,613,295	\$1,613,295	\$0
2,152,345	2,152,345	0
19,373	19,373	0
84,697	84,697	0
9,752	9,752	0
1,498	1,498	0
<u>3,880,960</u>	<u>3,880,960</u>	<u>0</u>
167,528	165,986	1,542
94,213	94,376	(163)
2,230,510	2,191,781	38,729
192,839	187,975	4,864
207,975	207,769	206
38,513	33,987	4,526
174,204	163,994	10,210
165,415	157,893	7,522
676,492	640,960	35,532
5,990	5,045	945
18,935	20,154	(1,219)
50,000	50,000	0
6,300	799	5,501
<u>4,028,914</u>	<u>3,920,719</u>	<u>108,195</u>
<u>(147,954)</u>	<u>(39,759)</u>	<u>108,195</u>
2,207	2,207	0
83,756	83,756	0
0	(83,756)	(83,756)
229,053	229,053	0
0	(247,273)	(247,273)
<u>315,016</u>	<u>(16,013)</u>	<u>(331,029)</u>
167,062	(55,772)	(222,834)
271,863	271,863	0
66,374	66,374	0
<u>\$505,299</u>	<u>\$282,465</u>	<u>(\$222,834)</u>

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Operating Revenues:			
Tuition	\$16,395	\$0	\$16,395
Sales	54,523	0	54,523
Charges for Services	0	518,844	518,844
Other Operating Revenue	0	0	0
Total Revenues	70,918	518,844	589,762
Operating Expenses:			
Salaries and Wages	60,081	0	60,081
Fringe Benefits	20,102	0	20,102
Purchased Services	2,622	24,455	27,077
Materials and Supplies	10,045	0	10,045
Cost of Sales	43,235	0	43,235
Claims	0	666,954	666,954
Depreciation	868	0	868
Total Operating Expenses	136,953	691,409	828,362
Operating Income / (Loss)	(66,035)	(172,565)	(238,600)
Non-Operating Revenues :			
Federal Donated Commodities	7,058	0	7,058
Interest	0	2,188	2,188
Operating Grants	38,638	0	38,638
Total Non-Operating Revenues	45,696	2,188	47,884
Net Loss	(20,339)	(170,377)	(190,716)
Retained Earnings (Deficit) at Beginning of Year	(102,475)	(27,475)	(129,950)
Retained Earnings (Deficit) at End of Year	(122,814)	(197,852)	(320,666)
Contributed Capital at Beginning and End of Year	114,101	0	114,101
Total Fund Equity at End of Year	(\$8,713)	(\$197,852)	(\$206,565)

The notes to the general-purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tuition	\$16,693	\$16,693	\$0
Sales	54,523	54,523	0
Charges for Services	0	0	0
Operating Grants	34,836	34,836	0
Total Revenues	<u>106,052</u>	<u>106,052</u>	<u>0</u>
Expenses:			
Salaries and Wages	56,589	57,010	(421)
Fringe Benefits	22,075	23,370	(1,295)
Purchased Services	3,472	2,722	750
Materials and Supplies	57,080	46,308	10,772
Total Expenses	<u>139,216</u>	<u>129,410</u>	<u>9,806</u>
Excess of Revenues Under Expenses	(33,164)	(23,358)	9,806
Non Operating Revenues:			
Interest	0	0	0
Advance In	18,220	18,220	0
Excess of Revenues and Operating Transfers In Under Expenses	(14,944)	(5,138)	9,806
Fund Equity at Beginning of Year	8,725	8,725	0
Prior Year Encumbrances Appropriated	<u>600</u>	<u>600</u>	<u>0</u>
Fund Equity at End of Year	<u>(\$5,619)</u>	<u>\$4,187</u>	<u>\$9,806</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$16,693	\$16,693	\$0
0	0	0	54,523	54,523	0
518,844	518,844	0	518,844	518,844	0
0	0	0	34,836	34,836	0
518,844	518,844	0	624,896	624,896	0
0	0	0	56,589	57,010	(421)
450,101	495,897	(45,796)	472,176	519,267	(47,091)
24,455	24,455	0	27,927	27,177	750
0	0	0	57,080	46,308	10,772
474,556	520,352	(45,796)	613,772	649,762	(35,990)
44,288	(1,508)	(45,796)	11,124	(24,866)	(35,990)
2,188	2,188	0	2,188	2,188	0
0	0	0	18,220	18,220	0
46,476	680	(45,796)	31,532	(4,458)	(35,990)
13,288	13,288	0	22,013	22,013	0
0	0	0	600	600	0
<u>\$59,764</u>	<u>\$13,968</u>	<u>(\$45,796)</u>	<u>\$54,145</u>	<u>\$18,155</u>	<u>(\$35,990)</u>

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$54,523	\$0	\$54,523
Cash Received from Tuition	16,693	0	16,693
Cash Received from Quasi-External			0
Transactions with Other Funds	0	518,844	518,844
Cash Payments to Suppliers for Goods and Services	(48,930)	(24,455)	(73,385)
Cash Payments to Employees for Services	(57,010)	0	(57,010)
Cash Payments for Employee Benefits	(23,370)	0	(23,370)
Cash Payments for Claims	0	(495,897)	(495,897)
	<u>(58,094)</u>	<u>(1,508)</u>	<u>(59,602)</u>
Net Cash Used for Operating Activities			
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	34,836	0	34,836
Advance In	18,220	0	18,220
Net Cash Provided by Noncapital Financing Activities	53,056	0	53,056
Cash Flows from Investing Activities:			
Interest on Investments	0	2,188	2,188
Net Increase (Decrease) in Cash and Cash Equivalents	(5,038)	680	(4,358)
Cash and Cash Equivalents at Beginning of Year	9,328	13,288	22,616
Cash and Cash Equivalents at End of Year	<u>4,290</u>	<u>13,968</u>	<u>18,258</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	(66,035)	(172,565)	(238,600)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	868	0	868
Donated Commodities Used During Year	7,058	0	7,058
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	298	0	298
Increase in Prepaid Items	(49)	0	(49)
Increase in Inventory Held for Resale	(692)	0	(692)
Increase in Materials and Supplies Inventory	(239)	0	(239)
Increase in Accrued Wages	143	0	143
Increase in Compensated Absences Payable	136	0	136
Decrease in Intergovernmental Payable	(427)	0	(427)
Increase in Claims Payable	0	171,057	171,057
Increase in Deferred Revenue	845	0	845
	<u>7,941</u>	<u>171,057</u>	<u>178,998</u>
Total Adjustments			
Net Cash Provided by Operating Activities	<u>(\$58,094)</u>	<u>(\$1,508)</u>	<u>(\$59,602)</u>

The notes to the general-purpose financial statements are an integral part of this statement.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five member schools spread throughout Jefferson County.

The School District operates under a nine-member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. In September 1975, the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977.

Reporting Entity

The reporting entity is comprised 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. For the Jefferson County Joint Vocational School District, this includes general operations, food service, adult education and student related activities of 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 for which the School District approves the budget, the issuance of debt or the levying of taxes.

The School District is associated with a jointly governed organization, the Ohio Mid Eastern Region Education Service Agency (OME-RESA) and the Ohio School Boards Association Workers' Compensation Group Rating Plan which is defined as a group insurance purchasing pool. These organizations are presented in Notes 18 and 19 of the general purpose financial statements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The School 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balance of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital expendable trust and projects) that are legally restricted to expenditure for specific purposes.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

2. Proprietary Fund Types

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

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund

This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

3. Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 financing 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 operation 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.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. 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.

Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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. 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.

Tax Budget

Prior to January 15, the Treasurer and Superintendent 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 Jefferson County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, 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 School 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 School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 1999. The School District requested a final Amended Certificate at fiscal year end that reflects estimated revenues in amounts equal to actual revenues.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expenses of the School 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, including the Debt Service fund, 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 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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. 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 balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio and repurchase agreements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$19,373, which includes \$11,285 assigned from other funds and \$2,188 was credited to the self insurance internal service fund.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. 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.

G. Inventory

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 and as an expense in the proprietary fund types when used. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs 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 fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School 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 an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

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

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants 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.

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

- Entitlements
 - General Fund
 - State Foundation Program

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Vocational Education: Carl Perkins Act of 1984

Professional Development Block Grant

Career Development Grant

Education Management Information Systems

Teacher Development

Title VI IASA

Community Education Grant

Continuous Improvement Grant

School Net Buddy System Grant

Ohio School Conflict Management Grant

Capital Project Fund

School Net IVOL

Reimbursable Grants

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Vocational Education Equipment Grant

Grants and entitlements accounted for forty-nine percent of the School District's operating revenue during the 1999 fiscal year.

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds", on the balance sheet. Short-term interfund loans are classified as, "interfund receivables", and "interfund payables". Long-term interfund loans are classified as, "advances to/from other funds", and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

L. 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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for certified, administrative, and non-certificated employees after five of service, based on historical employment trends and negotiated agreements. For governmental funds the current portion of 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 obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid with current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Q. Total Columns on General Purpose Financial Statements

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

3. PRIOR PERIOD RESTATEMENTS

For fiscal year 1999, certain adjustments have resulted in fund equity restatements. The following provides details of the adjustments and the resultant effect on fund equity by fund type.

	Fund Balance Previously Reported at June 30, 1998	Restatement Amount	Fund Balance Restated as of July 1, 1998
Governmental Funds:			
General	\$439,440	(\$25,978)	\$413,462
Special Revenue	(34,405)	4,465	(29,940)
Capital Projects	63,710	21,513	85,223

The decrease in fund balance for the General Fund and the increase for the Special Revenue and Capital Projects Fund is due to advances made during fiscal year 1998 to the grant funds for which the final grant payment was less than the advance made by the General Fund resulting in no return payment of the overage

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. ACCOUNTABILITY

Fund Deficits

At June 30, 1999, the following funds had deficit fund balances:

	<u>Deficit Fund Balance</u>
<u>Special Revenue Funds:</u>	
Career Education	\$6,065
Perkins Grant	41,832
<u>Capital Projects Funds:</u>	
Vocational Education Equipment	54,899
School Net IVOL	43
<u>Enterprise Funds:</u>	
Adult Education	5,761
Food Service	2,960
<u>Internal Service Fund:</u>	
Self Insurance	\$197,852

The deficit fund balances in the above mentioned funds were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is founded on accounting for certain transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments on notes and the corresponding revenues are reported in a debt service fund (budget basis) rather than in the fund that received the proceeds (GAAP basis).

The following tables summarize 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
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$137,209	\$12,286	\$0	(\$81,795)
Revenue Accruals	(1,492)	0	0	5,549
Expenditure Accruals	(56,162)	(15,952)	0	26,037
Prepaid Items	46,385	753	0	0
Materials and Supplies Inventory	10,459	0	0	0
Advances	1,313	1,429	0	(20,962)
Principal Payment	0	0	(50,000)	0
Interest and Fiscal Charges				
Reallocation of Revenue for Debt Service	(50,799)	0	50,799	0
Encumbrances	<u>(43,983)</u>	<u>(15,261)</u>	<u>0</u>	<u>(11,585)</u>
Budget Basis	<u>\$43,729</u>	<u>(\$16,745)</u>	<u>\$0</u>	<u>(\$82,756)</u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income (Loss) / Excess of Revenues Over Expenses
Proprietary Fund Type

	Enterprise	Internal Service
GAAP Basis	(\$20,339)	(\$170,377)
Revenue Accrual	298	0
Expense Accrual	(5,381)	171,057
Operating Grant	(3,802)	0
Prepaid Items	764	0
Advances	18,220	
Materials and Supplies Inventory	629	0
Inventory Held for Resale	3,705	0
Depreciation Expense	868	0
Encumbrances	<u>(100)</u>	<u>0</u>
Budget Basis	<u><u>(\$5,138)</u></u>	<u><u>\$680</u></u>

6. CASH AND CASH EQUIVALENTS

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 including passbook 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, 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 may be deposited or invested in the following securities:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

6. CASH AND CASH EQUIVALENTS (Continued)

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 this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating 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 specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualifies 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 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

At June 30, 1999, the School District's self-insurance internal service fund had a cash balance of \$13,968 with OME-RESA, a claims servicing pool (See Note 18). The money is held by the claims service in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, Ohio 43952.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

6. CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand: At fiscal year end, the School District had \$451 in undeposited cash on hand which is included on the Balance Sheet of the School District as part of Cash and Cash Equivalents.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$119,924) and the bank balance was \$83,077. The bank balance was covered by federal depository insurance and was considered insured and collateralized as securities were held by the pledging financial institutions trust department in the School District's name and all State statutory requirements for the deposit of money had been followed. Failure to comply with federal guidelines would not subject the district to a successful claim by the FDIC.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name.

Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School 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 3	Unclassified	Fair Value
Repurchase Agreement	\$462,575	\$462,575	\$462,575
STAR Ohio		29,461	29,461
Total	<u>\$462,575</u>	<u>\$492,036</u>	<u>\$492,036</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 Government 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 classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9	\$372,112	\$0
Investments:		
Repurchase agreements	(462,575)	462,575
STAR Ohio	(29,461)	29,461
GASB Statement 3	<u>(\$119,924)</u>	<u>\$492,036</u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$564,163,770	51.00%	\$569,433,660	50.00%
Public Utility	421,820,200	38.00%	422,466,140	37.00%
Tangible Personal Property	123,239,645	11.00%	141,362,823	13.00%
Total Assessed Value	\$1,109,223,615	100.00%	\$1,133,262,623	100.00%
Tax rate per \$1,000 of assessed valuation	\$1.50		\$1.50	

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

The School District receives property taxes from Jefferson, Harrison, Carroll, and Belmont Counties. The County Auditors 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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

7. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding, the late settlement of personal property taxes and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance, at June 30, 1999 was \$475,431 and is recognized as revenue. \$442,097 was available to the general fund and \$33,334 was available to the capital project fund.

8. RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and tuition) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<u>General Fund:</u>	
Miscellaneous Reimbursements and Tuition	\$1,197
<u>Enterprise Fund:</u>	
Food Service:	
National School Lunch	3,802
Total Intergovernmental Receivables	<u><u>\$4,999</u></u>

9. FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$120,086
Less Accumulated Depreciation	<u>(110,177)</u>
Net Fixed Assets	<u><u>\$9,909</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

9. FIXED ASSETS (Continued)

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$136,896	\$0	\$0	\$136,896
Buildings and Improvements	4,491,200	18,384	0	4,509,584
Furniture, Fixtures and Equipment	2,310,719	232,886	0	2,543,605
Vehicles	50,594	0	0	50,594
Totals	\$6,989,409	\$251,270	\$0	\$7,240,679

There was no significant construction in progress at June 30, 1999. The School District does not include textbooks or library books in fixed assets.

10. RISK MANAGEMENT

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. During fiscal year 1999, the School District contracted with Nationwide for fleet, Wausau Insurance Company for liability insurance, and Indiana Insurance Company for property insurance. Coverages provided by Nationwide Insurance and Indiana Insurance Company for property insurance are as follows:

A. Property and Liability

Building and Contents-replacement cost (\$1,000 deductible)	
Crime (\$1,200 deductible)	
Boiler and Machinery	\$13,494,000
Automobile Liability	\$1,000,000
Uninsured Motorist (\$1,000 deductible)	\$1,000,000
General Liability	
Per occurrence	\$2,000,000
Total per Year	\$5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State rate per \$100 of salaries for workers compensation.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

10. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). 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 can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a self insurance internal service fund. The School District is a member of a claims servicing pool, Ohio Mid Eastern Region Educational Service Agency in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$211,820 reported in the internal service fund at June 30, 1999 as based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the year are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$117,165	\$263,182	\$339,584	\$40,763
1999	\$40,763	\$666,954	\$495,897	\$211,820

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Jefferson County Joint Vocational 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, 45 North Fourth Street, Columbus, Ohio 43215.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$26,257, 27,849, and \$29,071, respectively; 100 percent has been contributed for fiscal year 1999, 1998 and 1997. \$8,264 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Jefferson County Joint Vocational School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$95,655, \$175,724 and \$190,577, respectively; 83.4 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$15,843 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

12. POST-EMPLOYMENT BENEFITS

The School 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.

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, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$127,540 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$29,747.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

13. OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Non-certificated employees, and administrators who are contracted to work 260 days per year, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to non-certificated and administration employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators and non-certificated employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 230 days. Upon retirement, certificated and non-certificated employees receive payment for one-fourth of the total sick leave accumulation to a maximum of fifty days.

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long term obligations account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned. The amount of compensated absences outstanding at June 30, 1998 is \$241,544.

14. NOTES PAYABLE

The School District's note activity was as follows:

	Outstanding 6/30/98	Additions	Deletions	Outstanding 6/30/99
General Fund:				
Operating - 6.00%	\$50,000	\$0	\$50,000	\$0

The general fund operating notes were retired during fiscal year 1999. The notes were backed by the full faith and credit of the Jefferson County Joint Vocational School District. The note liability is reflected in the fund which received the proceeds and which repaid the debt.

15. LONG-TERM LIABILITIES

Changes in the School District's general long-term obligations during fiscal year 1999 consist of the following:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

15. LONG-TERM LIABILITIES (Continued)

	Outstanding 6/30/98	Additions	Reductions	Outstanding 6/30/99
Compensated Absences	\$224,051	\$353,780	\$345,907	\$231,924
Pension Obligation	5,307	2,687	5,307	2,687
Total	\$229,358	\$356,467	\$351,214	\$234,611

Compensated absences, and long-term pension obligations, which represent contractually required pension contributions, will be paid from the fund which the employees salaries are paid.

16. INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$122,980	\$0
Special Revenue Funds:		
Perkins	0	41,132
Career Education	0	6,066
Total Special Revenue Funds	0	47,198
Capital Projects Funds:		
Vocational Education Equipment	0	54,899
Permanent Improvement	0	2,663
Total Capital Projects Funds	0	57,562
Enterprise Funds		
Food Service	0	8,874
Uniform School Supply	0	1,986
Adult Education	0	7,360
Total Enterprise Funds	0	18,220
Total All Funds	\$122,980	\$122,980

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three Enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the Jefferson County Joint Vocational School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Adult Education	Total
Operating Revenue	\$51,698	\$2,825	\$16,395	\$70,918
Operating Expenses Before Depreciation	103,358	4,615	28,112	136,085
Depreciation	820	0	48	868
Operating Income (Loss)	(52,480)	(1,790)	(11,765)	(66,035)
Donated Commodities	7,058	0	0	7,058
Operating Grants	32,396	0	6,242	38,638
Net Income (Loss)	(13,026)	(1,790)	(5,523)	(20,339)
Net Working Capital	(12,320)	9	(6,310)	(18,621)
Total Assets	18,362	1,995	2,742	23,099
Total Equity	(2,960)	9	(5,762)	(8,713)
Encumbrances at June 30, 1999	100	0	0	100

18. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. The 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 school districts.

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. The Jefferson County Board of Education office serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

19. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

20. SCHOOL FUNDING COURT 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 that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$1,631,378 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had not received any funding under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

21. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for the budget stabilization.

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

21. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$17,604	
Current Year Set-aside Requirement	58,222	58,222	29,111	
Current Year Offsets	0	0	0	
Qualifying Disbursements	(59,683)	(206,825)	0	
Total	<u>(\$1,461)</u>	<u>(\$148,603)</u>	<u>\$46,715</u>	
Cash Balance Carried Forward to FY 1999	<u>0</u>	<u>0</u>	<u>46,715</u>	
Amount restricted for Budget Stabilization				<u>46,715</u>
Total Restricted Assets				<u>\$46,715</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

22. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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, 1999.

23. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

Jefferson County Joint Vocational School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, grant reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has one school building with power systems which have extensive efficiency utilization measures within the systems. These systems have been assessed, remediated, tested and validated.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

23. YEAR 2000 ISSUE (Continued)

The District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform School Accounting Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating this system.

Jefferson County, Belmont County, Carroll County, and Harrison County collect property taxes for distribution to the District. The respective Counties are responsible for remediating their tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems.

The Counties are solely responsible for any costs associated with the tax collection system project. The State is solely responsible for any costs associated with the Foundation processing and EMIS systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be Year 2000 ready.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT
United States Department of Agriculture			
Passed through Ohio Department of Education			
Child Nutrition Cluster:			
Food Distribution	10.550	FY 99	N/A
National School Lunch Program	10.555	FY 99	\$26,574
Total Child Nutrition Cluster/Total U.S. Department of Agriculture			
United States Department of Education			
Passed through Ohio Department of Education			
Vocational Education	84.048	05112820c198 05112820c199	39,663 274,215
Total Vocational Education Program			
Goals 2000 Program	84.276	051128G2S299	5,000
Total United States Department of Education			
Total Federal Assistance			

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

<u>FEDERAL RECEIPTS</u>	<u>OTHER RECEIPTS</u>	<u>FEDERAL DISBURSEMENTS</u>
\$7,903	\$0	\$7,903
<u>26,574</u>	<u>0</u>	<u>26,574</u>
34,477	0	34,477
39,663	0	39,663
<u>233,083</u>	<u>41,132</u>	<u>259,795</u>
272,746	41,132	299,458
<u>5,000</u>	<u>0</u>	<u>0</u>
<u>5,000</u>	<u>0</u>	<u>0</u>
<u>\$312,223</u>	<u>\$41,132</u>	<u>\$333,935</u>

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.



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

Joint Vocational School District
Jefferson County
1509 State Highway 22A
Bloomingdale, Ohio 43910-7965

To the Board of Education:

We have audited the financial statements of Joint Vocational School District, Jefferson County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 17, 1999. 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*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the District in a separate letter dated December 17, 1999.

Internal Control Over Financial Reporting

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

Joint Vocational School District
Jefferson County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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



Jim Petro
Auditor of State

December 17, 1999



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

Joint Vocational School District
Jefferson County
1509 State Highway 22A
Bloomingtondale, Ohio 43910-7965

To the Board of Education:

Compliance

We have audited the compliance of Joint Vocational School District, Jefferson County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

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



Jim Petro
Auditor of State

December 17, 1999

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

JUNE 30, 1999
(Continued)

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

Finding Number	
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None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON 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.

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

JAN 18 2000