



**MAHONING COUNTY VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Mahoning County Joint Vocational School District
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2000 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 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.

Jim Petro
Auditor of State

November 15, 2000

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**MAHONING COUNTY JOINT VOCATION SCHOOL DISTRICT
MAHONING COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,900,709	\$77,166		\$34,977
Receivables:				
Taxes	5,722,143		\$224,890	
Accounts	1,746	372		
Intergovernmental		1,000		
Accrued Interest	53,569			
Interfund Receivable	84,934			
Inventory Held for Resale				
Materials and Supplies				
Inventory	16,565			
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	163,081			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$11,942,747	\$78,538	\$224,890	\$34,977

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$542,096	\$61,784			\$6,616,732
				5,947,033
13,956				16,074
5,266				6,266
				53,569
				84,934
18,824				18,824
285				16,850
				163,081
171,686		\$13,191,714		13,363,400
			\$987,766	987,766
<u>\$752,113</u>	<u>\$61,784</u>	<u>\$13,191,714</u>	<u>\$987,766</u>	<u>\$27,274,529</u>

(continued)

MAHONING COUNTY JOICT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
Liabilities, <u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$35,004	\$5,608		
Accrued Wages and Benefits	377,150	5,828		
Compensated Absences Payable	68,751	5,621		
Interfund Payable		84,934		
Intergovernmental Payable	59,411	1,132		
Deferred Revenue	5,721,980		\$224,890	
Due to Students				
Energy Conservation Loan Payable				
Early Retirement Incentive Payable				
Total Liabilities	6,262,296	103,123	224,890	
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	241,361	32,372		
Reserved for Inventory	16,565			
Reserved for Property Taxes	163			
Reserved for Budget Stabilization	163,081			
Unreserved:				
Undesignated (Deficit)	5,259,281	(56,957)		\$34,977
Total Fund Equity (Deficit) and Other Credits	5,680,451	(24,585)		34,977
Total Liabilities, Fund Equity and Other Credits	\$11,942,747	\$78,538	\$224,890	\$34,977

See accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
				\$49,528
\$8,916				416,635
33,657				818,628
78,824			\$665,432	84,934
				75,105
7,353			7,209	5,948,928
2,058				20,517
	\$20,517			215,000
			215,000	100,125
			100,125	100,125
<u>130,808</u>	<u>20,517</u>		<u>987,766</u>	<u>7,729,400</u>
		\$13,191,714		13,191,714
138,428				138,428
482,877				482,877
				273,733
				16,565
				163
				163,081
	41,267			5,278,568
<u>621,305</u>	<u>41,267</u>	<u>13,191,714</u>		<u>19,545,129</u>
<u>\$752,113</u>	<u>\$61,784</u>	<u>\$13,191,714</u>	<u>\$987,766</u>	<u>\$27,274,529</u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental</u>		<u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Revenues:						
Taxes	\$4,670,234		\$234,780			\$4,905,014
Intergovernmental	2,969,708	\$643,759		\$12,855		3,626,322
Interest	317,133				\$2,181	319,314
Rentals	2,741					2,741
Gifts and Donations	5,383	100		24,845		30,328
Customer Services	42,453	104				42,557
Miscellaneous	1,258	10,603				11,861
Total Revenues	8,008,910	654,566	234,780	37,700	2,181	8,938,137
Expenditures:						
Current:						
Instruction:						
Regular	794,721	21,902				816,623
Vocational	2,509,104	210,453				2,719,557
Adult/Continuing		76,122				76,122
Support Services:						
Pupils	705,534	179,847				885,381
Instructional Staff	473,507	72,276				545,783
Board of Education	30,542					30,542
Administration	365,097	92,088				457,185
Fiscal	272,139					272,139
Business	3,525					3,525
Operation and Maintenance of Plant	938,859					938,859
Pupil Transportation	13,887	2,119				16,006
Central	25,482	99,326				124,808
Non-Instructional Services	260					260
Extracurricular Activities	40,972	100				41,072
Capital Outlay	193,176			37,700		230,876
Intergovernmental		2,080				2,080
Debt Service:						
Principal Retirement			215,000			215,000
Interest and Fiscal Charges			19,780			19,780
Total Expenditures	6,366,805	756,313	234,780	37,700		7,395,598
Excess of Revenues Over (Under) Expenditures	1,642,105	(101,747)			2,181	1,542,539
Other Financing (Uses):						
Operating Transfers Out	(68,493)					(68,493)
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	1,573,612	(101,747)			2,181	1,474,046
Fund Balances Beginning of Year (Restated see Note 3)	4,108,806	77,162		34,977	39,086	4,260,031
Decrease in Reserve for Inventory	(1,967)					(1,967)
Fund Balances (Deficit) at End of Year	\$5,680,451	(\$24,585)		\$34,977	\$41,267	\$5,732,110

See accompanying Notes to the General Purpose Financial Statements

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**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$4,415,220	\$4,670,071	\$254,851			
Intergovernmental	3,037,226	2,969,958	(67,268)	714,920	714,920	
Interest	267,000	329,767	62,767			
Rentals	3,000	1,750	(1,250)			
Gifts and Donations	6,000	5,383	(617)		100	100
Customer Services	48,500	42,019	(6,481)	537	537	
Miscellaneous	1,100	1,258	158	9,500	10,603	1,103
Total Revenues	7,778,046	8,020,206	242,160	724,957	726,160	1,203
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	792,411	783,643	8,768	22,579	22,190	389
Vocational	2,949,801	2,604,681	345,120	233,414	224,052	9,362
Adult/Continuing				86,725	76,924	9,801
Support Services:						
Pupils	730,813	690,893	39,920	199,878	198,107	1,771
Instructional Staff	779,019	687,277	91,742	86,757	83,726	3,031
Board of Education	64,561	40,431	24,130			
Administration	387,068	352,931	34,137	93,267	92,326	941
Fiscal	298,922	275,119	23,803			
Business	8,120	3,525	4,595			
Operation and Maintenance of Plant	1,136,271	982,647	153,624			
Pupil Transportation	122,000	69,928	52,072	2,700	2,119	581
Central	28,105	27,082	1,023	106,520	100,640	5,880
Non-Instructional Services	500	260	240			
Extracurricular Activities	53,007	41,594	11,413	4,000	100	3,900
Capital Outlay	476,565	254,451	222,114			
Intergovernmental						
Debt Service:				2,080	2,080	
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	7,827,163	6,814,462	1,012,701	837,920	802,264	35,656
Excess of Revenues Over (Under) Expenditures	(49,117)	1,205,744	1,254,861	(112,963)	(76,104)	36,859
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	2,000		(2,000)			
Advances In	77,101	77,101		84,934	84,934	
Advances Out	(85,000)	(84,934)	66	(73,961)	(73,961)	
Operating Transfers Out	(75,000)	(68,493)	6,507			
Total Other Financing Sources (Uses)	(80,899)	(76,326)	4,573	10,973	10,973	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(130,016)	1,129,418	1,259,434	(101,990)	(65,131)	36,859
Fund Balances at Beginning of Year	4,416,695	4,416,695		81,910	81,910	
Prior Year Encumbrances Appropriated	310,310	310,310		23,565	23,565	
Fund Balances at End of Year	\$4,596,989	\$5,856,423	\$1,259,434	\$3,485	\$40,344	\$36,859

Debt Service Fund

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$234,780	\$234,780	
<hr/>	<hr/>	<hr/>
<u>234,780</u>	<u>234,780</u>	<hr/>

215,000	215,000	
<u>19,780</u>	<u>19,780</u>	<hr/>
<u>234,780</u>	<u>234,780</u>	<hr/>
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MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY

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

	Capital Projects Funds			Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes						
Intergovernmental	12,855	12,855				
Interest					2,181	2,181
Rentals						
Gifts and Donations	24,845	24,845				
Customer Services						
Miscellaneous						
Total Revenues	37,700	37,700			2,181	2,181
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular						
Vocational						
Adult/Continuing						
Support Services:						
Pupils						
Instructional Staff	24,845	24,845				
Board of Education						
Administration						
Fiscal						
Business						
Operation and Maintenance of Plant						
Pupil Transportation						
Central						
Non-Instructional Services						
Extracurricular Activities						
Capital Outlay	12,855	12,855				
Intergovernmental						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	37,700	37,700				
Excess of Revenues Over (Under) Expenditures					2,181	2,181
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets						
Advances In						
Advances Out						
Operating Transfers Out						
Total Other Financing Sources (Uses)						
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					2,181	2,181
Fund Balances at Beginning of Year	34,977	34,977		39,086	39,086	
Prior Year Encumbrances Appropriated						
Fund Balances at End of Year	\$34,977	\$34,977		\$39,086	\$41,267	\$2,181

See accompanying Notes to the General Purpose Financial Statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,650,000	\$4,904,851	\$254,851
3,765,001	3,697,733	(67,268)
267,000	331,948	64,948
3,000	1,750	(1,250)
30,845	30,328	(517)
49,037	42,556	(6,481)
10,600	11,861	1,261
<u>8,775,483</u>	<u>9,021,027</u>	<u>245,544</u>
814,990	805,833	9,157
3,183,215	2,828,733	354,482
86,725	76,924	9,801
930,691	889,000	41,691
890,621	795,848	94,773
64,561	40,431	24,130
480,335	445,257	35,078
298,922	275,119	23,803
8,120	3,525	4,595
1,136,271	982,647	153,624
124,700	72,047	52,653
134,625	127,722	6,903
500	260	240
57,007	41,694	15,313
489,420	267,306	222,114
2,080	2,080	
215,000	215,000	
19,780	19,780	
<u>8,937,563</u>	<u>7,889,206</u>	<u>1,048,357</u>
<u>(162,080)</u>	<u>1,131,821</u>	<u>1,293,901</u>
2,000		(2,000)
162,035	162,035	
(158,961)	(158,895)	66
(75,000)	(68,493)	6,507
<u>(69,926)</u>	<u>(65,353)</u>	<u>4,573</u>
(232,006)	1,066,468	1,298,474
4,572,668	4,572,668	
333,875	333,875	
<u>\$4,674,537</u>	<u>\$5,973,011</u>	<u>\$1,298,474</u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EPENSES AND
CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$414,949
Sales	142,521
Other	2,900
	560,370
Total Operating Revenues	560,370
<u>Operating Expenses:</u>	
Salaries and Wages	527,811
Fringe Benefits	148,749
Purchased Services	60,758
Cost of Sales	168,232
Depreciation	41,554
Other	8,319
	955,423
Total Operating Expenses	955,423
Operating Loss	(395,053)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	6,407
Operating Grants	280,678
	287,085
Total Non-Operating Revenues	287,085
Loss Before Operating Transfers	(107,968)
Operating Transfers In	68,493
Net Loss	(39,475)
Retained Earnings Beginning of Year	522,352
Retained Earnings End of Year	482,877
Contributed Capital Beginning and End of Year	138,428
Total Fund Equity End of Year	\$621,305

See accompanying Notes to the General Purpose Financial Statements

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition	\$558,750	\$409,516	(\$149,234)
Sales	159,122	142,407	(16,715)
Other	600	2,900	2,300
Grants	243,500	280,126	36,626
Total Revenues	961,972	834,949	(127,023)
Expenses:			
Salaries and Wages	654,201	536,380	117,821
Fringe Benefits	185,573	164,220	21,353
Purchased Services	128,138	63,590	64,548
Materials and Supplies	234,772	164,987	69,785
Capital Outlay	175,141	50,062	125,079
Other	15,000	8,389	6,611
Total Expenses	1,392,825	987,628	405,197
Excess of Revenues Under Expenses	(430,853)	(152,679)	278,174
Operating Transfers In	79,000	68,493	(10,507)
Advances Out	(3,140)	(3,140)	
Excess of Revenues Under Expenses and Operating Transfers and Advances	(354,993)	(87,326)	267,667
Fund Equity Beginning of Year	615,734	615,734	
Prior Year Encumbrances Appropriated	2,140	2,140	
Fund Equity End of Year	\$262,881	\$530,548	\$267,667

See accompanying Notes to the General Purpose Financial Statements

MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Enterprise</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Tuition Payments	\$409,516
Cash Received from Customers	142,407
Other Cash Payments	2,900
Cash Payments to Employees for Services	(536,380)
Cash Payments for Employee Benefits	(164,220)
Cash Payments to Suppliers for Goods and Services	(217,101)
Other Operating Expenses	(8,319)
	(371,197)
Net Cash Used for Operating Activities:	(371,197)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	280,126
Operating Transfers In	68,493
Advances Out	(3,140)
	345,479
Net Cash Provided by Noncapital Financing Activities	345,479
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Acquisitions	(50,062)
	(50,062)
Net Decrease in Cash and Cash Equivalents	(75,780)
Cash and Cash Equivalents Beginning of Year	617,876
	\$542,096
Reconciliation of Operating Loss to Net Cash	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$395,053)
Adjustments to Reconcile Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Depreciation	41,554
Donated Commodities Used During Year	6,407
<u>(Increase) Decrease in Assets:</u>	
Accounts Receivable	(5,547)
Inventory Held for Resale	(2,839)
Material and Supplies Inventory	182
<u>Increase (Decrease) in Liabilities:</u>	
Accounts Payable	(737)
Accrued Wages and Benefits	(10,712)
Compensated Absences Payable	(3,392)
Intergovernmental Payable	(1,060)
	23,856
Total Adjustments	23,856
Net Cash Used for Operating Activities	(\$371,197)

See accompanying Notes to the General Purpose Financial Statements

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Description of the School

The Mahoning County Joint Vocational School (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 Mahoning County Joint Vocational School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative each from Campbell City School District and Struthers City School District. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

B. Reporting Entity

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Mahoning 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 organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

1. **City of Canfield** - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

- 2. Member School Districts** - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered to be part of the Mahoning County Joint Vocational School District.

- 3. Canfield Branch of the Mahoning County Public Library** - The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the library.

The School District is associated with certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 14 to the combined financial statements and the public entity risk pools are presented in Note 19. These organizations are:

Area Cooperative Computerized Educational Service System
Tech Prep Consortium
Ohio School Boards Association Workers' Compensation Group Rating Program
Mahoning County Insurance Consortium

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances 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 projects) that are legally restricted to expenditure for specified purposes.

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 not being financed by the proprietary funds.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Type:

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 is the School District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises 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.

3. Fiduciary Fund Types:

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. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 (i.e., revenues) and decreases (i.e., 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 for governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. 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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. 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 Data

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

1. Tax Budget:

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

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

2. 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 2000. At year end, the School District requested and received an amended Certificate of Estimated Resources that reflected actual revenue for the fiscal year.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the 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 do 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.

4. 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.

5. 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, 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 funds' interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2000, investments were limited to securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and interest in the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$317,133, which includes \$32,373 assigned from other School District funds.

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. Investments with an original maturity of more than three months that are not made from the pool are considered to be investments.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. 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 an inventory item is recorded as an expenditure in the governmental fund types when purchased. 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.

G. 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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market values as of the date donated. 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 useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, 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

Non-Reimbursable Grants

Special Revenue Funds

Vocational Education: Carl Perkins Act of 1984

Title VI

Adult Basic Literacy Education

Pell Grant

Job Opportunities Basic Skills (JOBS) Assessment Grant

Goals 2000

Reimbursable Grants

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Vocational Education Equipment Grant

Grants and entitlements amounted to forty-one percent of the School District's revenue for governmental funds during the 2000 fiscal year.

I. Short-term 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." Short-term interfund loans are classified as "interfund receivables/payables."

J. 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 School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

K. Contributed Capital

Contributed capital in the proprietary funds represents resources received from other funds and capital grants. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There were no additions to contributed capital during fiscal year 2000.

L. 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, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Long-term loans and early retirement incentives are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

M. 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 nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. 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.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(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.

O. 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.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (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. RESTATEMENT OF FUND BALANCE

At June 30, 1999, the special revenue funds' fund balance was understated due to the overstatement of intergovernmental payable in that fund. Therefore, the fund balance increased \$292, from \$76,870 to \$77,162.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Similar 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP).

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

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
Governmental Fund Types and Similar Trust Fund**

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
GAAP Basis	\$1,573,612	(\$101,747)	\$2,181
Revenue Accruals	11,296	71,594	0
Advance In	77,101	84,934	0
Expenditure Accruals	(194,778)	(9,129)	0
Advance Out	(84,934)	(73,961)	0
Encumbrances	<u>(252,879)</u>	<u>(36,822)</u>	<u>0</u>
Budget Basis	<u>\$1,129,418</u>	<u>(\$65,131)</u>	<u>\$2,181</u>

**Net Loss/Excess of Revenues Under
Expenses, Advances and Operating Transfers
Proprietary Fund Type**

	<u>Enterprise</u>
GAAP Basis	(\$39,475)
Revenue Accruals	(6,099)
Expense Accruals	(18,556)
Capital Outlay	(50,062)
Advance Out	(3,140)
Depreciation Expense	41,554
Encumbrances	<u>(11,548)</u>
Budget Basis	<u>(\$87,326)</u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits:

Fund balances/retained earnings at June 30, 2000, included the following individual fund deficits:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Funds:	
Vocational Education	\$53,700
Career Development Grant	18,995
Economic Education	2,400
Other Local Grants	796
Adult Full Service Grant	2,261
Food Service Enterprise Fund	127,147

Special revenue fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the food service enterprise fund resulted from the conversion to generally accepted accounting principles. Management is analyzing the food service operations to determine appropriate steps to eliminate the deficit.

B. Legal Compliance:

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Ohio Revised Code:

	<u>Excess</u>
<u>Special Revenue Funds:</u>	
Career Development Grant Fund:	
Regular Instruction	\$ 935
Vocational Education Fund:	
Central Support Services	7,245

6. DEPOSITS AND INVESTMENTS

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

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

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the School District 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 pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

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

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits. At fiscal year end, the carrying amount of the School District's deposits was (\$28,641) and the bank balance was \$63,603. The entire bank balances were covered by federal depository insurance.

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

	Category 2	Fair Value
Federal Home Loan Bank	\$1,957,500	\$1,957,500
Federal Home Loan Mortgage Corporation	248,150	248,150
Federal National Mortgage Association	987,200	987,200
STAR Ohio		3,615,604
Total Investments		\$6,808,454

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

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS - (Continued)

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$6,779,813	\$0
Investments of the Cash		
Management Pool:		
Federal Home Loan Bank	(1,957,500)	1,957,500
Federal Home Loan Mortgage Corporation	(248,150)	248,150
Federal National Mortgage Association	(987,200)	987,200
STAR Ohio	<u>(3,615,604)</u>	<u>3,615,604</u>
GASB Statement No. 3	<u><u>(\$28,641)</u></u>	<u><u>\$6,808,454</u></u>

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property tax are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2000 public utility taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the values as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$2,120,608,400	84.04%	\$2,588,993,110	87.09%
Public Utility	170,290,680	7.06	151,729,980	5.10
Tangible Personal Property	<u>232,458,450</u>	<u>8.90</u>	<u>232,093,461</u>	<u>7.81</u>
Total Assessed Value	<u><u>\$2,523,357,530</u></u>	<u><u>100.00%</u></u>	<u><u>\$2,972,816,551</u></u>	<u><u>100.00%</u></u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES - (Continued)

Tax rate per \$1,000 of assessed valuation	\$2.10	\$2.10
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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 Mahoning, Trumbull, Columbiana and Portage 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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mahoning County Joint Vocational School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. At June 30, 1999 and 2000, \$253 and \$163, respectively, were available to the General Fund.

8. RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Fund:	
SchoolNet Professional Development	
Auditor of State	\$1,000
Enterprise Funds:	
June Federal Subsidy	<u>5,266</u>
Grand Total	<u>\$6,266</u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$417,067
Less accumulated depreciation	<u>(245,381)</u>
Net Fixed Assets	<u>\$171,686</u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$139,247	\$0	\$0	\$139,247
Buildings	8,015,367	0	0	8,015,367
Furniture and Equipment	4,405,151	377,860	11,230	4,771,781
Vehicles	<u>153,319</u>	<u>112,000</u>	<u>0</u>	<u>265,319</u>
Totals	<u>\$12,713,084</u>	<u>\$489,860</u>	<u>\$11,230</u>	<u>\$13,191,714</u>

There was no construction in progress at June 30, 2000.

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 2000, the School District contracted with the Nationwide Mutual Insurance Company for property insurance with a \$1,000 deductible per occurrence. Liability insurance is provided by the Nationwide Mutual Insurance Company with a \$5,000,000 aggregate limit.

Fleet insurance is also provided by Nationwide Mutual Insurance Company with a \$250 deductible for collision coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A \$60,000 performance bond is maintained for the treasurer and a \$100,000 fidelity bond is maintained for the adult education coordinator through the Cincinnati Insurance Company.

For fiscal year 2000, 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.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT - (Continued)

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.

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The Mahoning County Joint Vocational School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$488.68 for family coverage and \$199.31 for single coverage per employee per month.

Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$39.91 monthly on a composite basis. Monthly premiums for prescription drug insurance are \$147.49 for family coverage and \$64.71 for single coverage. The plan utilizes a \$4 minimum and \$8 maximum deductible.

Vision coverage is provided through the Vision Service Plan. Monthly premiums for vision coverage are \$25.08.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Mahoning 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 per 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 43215-3634.

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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$50,443, \$42,550, and \$81,079, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$8,129 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS- (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement system. 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, 2000, 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. Contribution rates are established by STRS, upon recommendations 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, 2000, 1999 and 1998 were \$223,241, \$200,103, and \$368,356, respectively; 92 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$16,130 represents the unpaid contributions for fiscal year 2000 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, 2000, two of the board of education members have elected social security. The board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT 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 non-certificated 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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$223,241 during 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. POSTEMPLOYMENT BENEFITS - (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, equaled \$186,984 during the 2000 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred forty six days for classified employees and certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of fifty one days for certified employees and forty-six days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Medical and Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per employee. Life insurance is provided through the Educators Mutual Insurance Company.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. The Mahoning County Educational Service Center is the fiscal agent for ACCESS.

B. Tech Prep Consortium

The Tech Prep Consortium is a cooperative effort between the School District, Youngstown State University and Youngstown City School District to support programs in business, engineering and health technology through business, industry, labor and educational personnel. All of the consortium revenues are from a federal grant. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President of Youngstown State University and a representative from business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in either of these organizations.

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2000, were as follows:

	Principal Outstanding <u>6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/00</u>
Energy Conservation Loan	\$430,000	\$0	\$215,000	\$215,000
Early Retirement Incentive	131,250	34,500	65,625	100,125
Intergovernmental Payable	4,249	7,209	4,249	7,209
Compensated Absences	<u>648,550</u>	<u>16,882</u>	<u>0</u>	<u>665,432</u>
Total General Long-Term Obligations	<u>\$1,214,049</u>	<u>\$58,591</u>	<u>\$284,874</u>	<u>\$987,766</u>

Compensated absences and intergovernmental payables will be paid from the fund from which the person is paid. The energy conservation loan will be paid from the debt service fund revenues.

The School District's voted legal debt margin was \$267,338,490 with an unvoted debt margin of \$26,540,349 as of June 30, 2000.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the energy conservation loan are as follows:

2001 \$224,890

16. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

<u>Fund:</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$84,934	\$ 0
Special Revenue Funds:		
Economic Education Grant	0	2,400
Career Development Grant	0	13,421
Other Local Grants	0	1,000
Adult Education Grant	0	3,000
Miscellaneous State Grants	0	4,050
Vocational Education	<u>0</u>	<u>61,063</u>
Total Special Revenue Funds	<u>0</u>	<u>84,934</u>
Total	<u>\$84,934</u>	<u>\$84,934</u>

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for food service operations, 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 Mahoning County Joint Vocational School District as of and for the fiscal year ended June 30, 2000.

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$78,801	\$25,626	\$455,943	\$560,370
Depreciation Expense	1,938	0	39,616	41,554
Operating Income (Loss)	(58,257)	1,335	(338,131)	(395,053)
Donated Commodities	6,407	0	0	6,407
Operating Grants	36,994	0	243,684	280,678
Transfers In	18,493	0	50,000	68,493
Net Income (Loss)	3,637	1,335	(44,447)	(39,475)
Net Working Capital	(9,313)	9,760	451,230	451,677
Total Assets	18,067	9,760	724,286	752,113
Total Equity	(2,237)	9,760	613,782	621,305
Encumbrances June 30, 2000	0	0	11,548	11,548

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. CONTINGENCIES

A. Grants:

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

B. Litigation:

The Mahoning County Joint Vocational School District is not currently party to any legal proceedings.

C. School Foundation Money

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,120,298 of school foundation support for its general fund.

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

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

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

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP 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 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 cost of administering the program.

B. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

20. SET-ASIDE CALCULATION AND FUND RESERVES

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

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

	Budget	Textbook/	
	Stabilization	Instructional	Capital
	<u>Reserve</u>	<u>Materials</u>	<u>Improvements</u>
Set-aside balance as of June 30, 1999	\$98,091	\$0	\$0
Current year set-aside requirement	64,990	194,970	194,970
Qualifying offsets	0	0	0
Qualifying disbursements	0	(475,716)	(408,391)
Total	<u>\$163,081</u>	<u>(\$280,746)</u>	<u>(\$213,421)</u>
Balance carried forward to FY 2001	<u>\$163,081</u>	<u>\$0</u>	<u>(\$213,421)</u>

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. SET-ASIDE CALCULATION AND FUND RESERVES - (Continued)

The School District has qualifying expenditures during the year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future years. The total reserve balance for the set-asides at the end of the fiscal year was \$163,081.

21. SUBSEQUENT EVENTS

On July 1, 2000, the Mahoning County Joint Vocational School officially changed to the Mahoning County Career and Technical Center.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Grant Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$5,676		\$6,407
National School Lunch Program	N/A	10.555	34,158		34,158	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>34,158</u>	<u>5,676</u>	<u>34,158</u>	<u>6,407</u>
<u>U.S. DEPARTMENT OF LABOR (*)</u>						
Employment Services and Job Training Pilot and Demonstration Programs		17.249			1,838	
Total U.S. Department of Labor					<u>1,838</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	051243-AB-S1-00	84.002	37,773		37,773	
Vocational Education - Basic Grants to States	051243-20-C1-99	84.048	49,126		11,662	
	051243-20-A4-99				17,039	
	051234-20-C2-99		7,283			
	051243-20-C1-00		306,931		306,931	
	051243-20-C2-00		39,094		39,094	
			<u>402,434</u>		<u>374,726</u>	
Federal Pell Grant Program - Student Loan Cluster	N/A	84.063	87,142		87,142	
Goals 2000 - State and Local Education Systematic Improvements Grant	051243-G2-S6-00	84.276	40,000		53,377	
Innovative Education Program Strategies	051243-C2-S1-99	84.298	387		387	
	051243-C2-S1-00		3,078		3,078	
			<u>3,465</u>		<u>3,465</u>	
Total Department of Education			<u>570,814</u>		<u>556,483</u>	
Total Federal Assistance			<u>\$604,972</u>	<u>\$5,676</u>	<u>\$592,479</u>	<u>\$6,407</u>

(*) = Guaranteed Student Loans and JTPA funds flow through the financial records of the District as tuition.

The accompanying notes to this schedule are an integral part of this schedule.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary 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. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Mahoning County Joint Vocational School District
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

To the Board of Education:

We have audited the financial statements of the Mahoning County Joint Vocational School District, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that is required to be reported under *Government Auditing Standards*. However we noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 15, 2000.

Mahoning County Joint Vocational School District
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the District's management, Board, 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

November 15, 2000



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

Mahoning County Joint Vocational School District
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

To the Board of Education:

Compliance

We have audited the compliance of the Mahoning County Joint Vocational School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District's 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, 2000.

Internal Control Over Compliance

The management of the District's 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.

Mahoning County Joint Vocational School District
Mahoning County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

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 District's management, Board, 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

November 15, 2000

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

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

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 (84.048)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes



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MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 21, 2000**