

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
MEDINA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Medina County Joint Vocational School District  
Medina County  
1101 West Liberty Street  
Medina, Ohio 44256-3842

To the Board of Education:

We have audited the accompanying general purpose financial statements of Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 6 to the general purpose financial statements, the District changed its method of accounting and reporting for certain fixed assets for the year ended June 30, 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized signature line.

Jim Petro  
Auditor of State

December 23, 1999

**Medina County Joint Vocational School District**

Combined Balance Sheet

*All Fund Types and Account Groups*

June 30, 1999

(With Comparative Totals at June 30, 1998)

	Governmental Fund Types			Proprietary Fund Types
	General	Special Revenue	Capital Projects	Enterprise
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$1,800,058	\$98,305	\$103,665	\$200,178
Receivables:				
Taxes	4,732,243	0	0	0
Accounts	2,806	0	0	9,412
Intergovernmental Receivable	136,924	60,702	0	63,595
Intefund Receivable	49,952	0	0	0
Inventory	123,496	0	0	34,573
Restricted Assets:				
Restricted Cash and Cash Equivalents	125,249	0	0	0
Fixed Assets (Net of Accumulated Depreciation in Enterprise Funds)	0	0	0	12,461
Other Debits:				
Amount To Be Provided for Benefits	0	0	0	0
Amount to be Provided for Capital Leases	0	0	0	0
<b>Total Assets</b>	<b>\$6,970,728</b>	<b>\$159,007</b>	<b>\$103,665</b>	<b>\$320,219</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities</b>				
Accounts and Contracts Payable	\$74,057	\$5,212	\$20,230	\$8,898
Accrued Wages and Benefits	831,372	31,218	0	100,018
Deferred Revenue	4,493,187	0	0	0
Interfund Payables	0	49,952	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Capital Leases Payable	0	0	0	0
<b>Total Liabilities</b>	<b>5,398,616</b>	<b>86,382</b>	<b>20,230</b>	<b>108,916</b>
<b>Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	8,481
Unreserved Retained Earnings	0	0	0	202,822
Fund Balance:				
Reserved for Encumbrances	109,963	6,817	83,435	0
Reserved for Inventory	123,496	0	0	0
Reserved for Property Tax Advance	239,056	0	0	0
Reserved for Budget Stabilization	125,249	0	0	0
Unreserved, Undesignated	974,348	65,808	0	0
<b>Total Fund Equity</b>	<b>1,572,112</b>	<b>72,625</b>	<b>83,435</b>	<b>211,303</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$6,970,728</b>	<b>\$159,007</b>	<b>\$103,665</b>	<b>\$320,219</b>

See Notes to General Purpose Financial Statements

Internal Service	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Obligations	1999	1998
\$4,781	\$59,425	\$0	\$0	\$2,266,412	\$2,480,247
0	0	0	0	4,732,243	4,512,905
0	0	0	0	12,218	28,220
0	0	0	0	261,221	194,065
0	0	0	0	49,952	72,678
0	0	0	0	158,069	169,481
0	0	0	0	125,249	52,614
0	0	12,503,942	0	12,516,403	12,915,424
0	0	0	1,397,785	1,397,785	1,335,784
0	0	0	11,888	11,888	23,180
<b>\$4,781</b>	<b>\$59,425</b>	<b>\$12,503,942</b>	<b>\$1,409,673</b>	<b>\$21,531,440</b>	<b>\$21,784,598</b>
\$0	\$0	\$0	\$0	\$108,397	\$121,621
0	0	0	1,397,785	2,360,393	2,250,467
0	0	0	0	4,493,187	4,242,162
0	0	0	0	49,952	72,678
0	39,565	0	0	39,565	38,657
0	10,666	0	0	10,666	14,147
0	0	0	11,888	11,888	23,180
<b>0</b>	<b>50,231</b>	<b>0</b>	<b>1,409,673</b>	<b>7,074,048</b>	<b>6,762,912</b>
0	0	12,503,942	0	12,503,942	12,898,396
0	0	0	0	8,481	13,048
4,781	0	0	0	207,603	339,954
0	0	0	0	200,215	188,271
0	0	0	0	123,496	144,337
0	0	0	0	239,056	270,743
0	0	0	0	125,249	52,614
0	9,194	0	0	1,049,350	1,114,323
<b>4,781</b>	<b>9,194</b>	<b>12,503,942</b>	<b>0</b>	<b>14,457,392</b>	<b>15,021,686</b>
<b>\$4,781</b>	<b>\$59,425</b>	<b>\$12,503,942</b>	<b>\$1,409,673</b>	<b>\$21,531,440</b>	<b>\$21,784,598</b>

**Medina County Joint Vocational School District**

Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances

*All Governmental Fund Types and Fiduciary Fund Type*

For the Fiscal Year Ended June 30, 1999

(With Comparative Totals for the Year Ended at June 30, 1998)

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	(Memorandum Only) 1999	1998
<b>Revenues</b>						
Taxes	\$4,685,269	\$0	\$0	\$0	\$4,685,269	\$4,613,920
Tuition	92,002	0	0	0	92,002	139,256
Earnings on Investments	150,536	0	4,670	0	155,206	161,429
Intergovernmental	3,525,016	624,918	0	0	4,149,934	4,026,850
Other	64,990	41,481	0	3,807	110,278	132,191
<b>Total Revenues</b>	<b>8,517,813</b>	<b>666,399</b>	<b>4,670</b>	<b>3,807</b>	<b>9,192,689</b>	<b>9,073,646</b>
<b>Expenditures</b>						
Current:						
Regular and Special Instruction	1,187,530	0	0	0	1,187,530	1,064,371
Vocational, Adult and Other Instruction	3,669,267	258,570	0	1,000	3,928,837	3,839,106
Support Services:						
Pupil Services	459,610	203,191	0	0	662,801	595,442
Instructional Staff	251,167	98,041	0	0	349,208	327,456
Administration	910,612	9,905	0	0	920,517	926,308
Business and Fiscal Services	499,033	0	0	0	499,033	450,664
Plant Operation and Maintenance	1,019,474	0	0	0	1,019,474	1,006,802
Pupil Transportation	11,272	0	0	0	11,272	15,520
Central	157,299	41,079	0	0	198,378	106,378
Food Services	2,513	0	0	0	2,513	2,765
Community Services	0	25,603	0	298	25,901	20,079
Extracurricular	1,165	508	0	8,135	9,808	7,530
Capital Outlay	166,657	0	423,153	0	589,810	644,350
<b>Total Expenditures</b>	<b>8,335,599</b>	<b>636,897</b>	<b>423,153</b>	<b>9,433</b>	<b>9,405,082</b>	<b>9,006,771</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>182,214</b>	<b>29,502</b>	<b>(418,483)</b>	<b>(5,626)</b>	<b>(212,393)</b>	<b>66,875</b>
<b>Other Financing Sources (Uses)</b>						
Sale of Assets	1,889	0	0	0	1,889	158
Operating Transfers In	272,830	21	212,403	0	485,254	400,000
Operating Transfers Out	(286,831)	0	0	0	(286,831)	(412,328)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,112)</b>	<b>21</b>	<b>212,403</b>	<b>0</b>	<b>200,312</b>	<b>(12,170)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>170,102</b>	<b>29,523</b>	<b>(206,080)</b>	<b>(5,626)</b>	<b>(12,081)</b>	<b>54,705</b>
Fund Balances at Beginning of Year	1,422,851	43,102	289,515	14,820	1,770,288	1,671,350
Decrease in Reserve for Inventory	(20,841)	0	0	0	(20,841)	44,233
<b>Fund Balances at End of Year</b>	<b>\$1,572,112</b>	<b>\$72,625</b>	<b>\$83,435</b>	<b>\$9,194</b>	<b>\$1,737,366</b>	<b>\$1,770,288</b>

See Notes to General Purpose Financial Statements

**Medina County Joint Vocational School District**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types  
*General Fund*  
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
<b>Revenues</b>					
Taxes	\$4,716,956	\$4,716,956		\$4,716,956	\$0
Tuition	623	623		623	0
Earnings on Investments	150,536	150,536		150,536	0
Intergovernmental	3,525,016	3,525,016		3,525,016	0
Other	62,701	62,701		62,701	0
<b>Total Revenues</b>	<b>8,455,832</b>	<b>8,455,832</b>		<b>8,455,832</b>	<b>0</b>
<b>Expenditures</b>					
<b>Current:</b>					
Regular and Special Instruction	2,282,297	1,182,821	\$773	1,183,594	1,098,703
Vocational, Adult and Other Instruction	3,669,128	3,643,696	25,432	3,669,128	0
<b>Supporting Services:</b>					
Pupil Services	447,398	447,148	250	447,398	0
Instructional Staff	273,439	239,723	33,716	273,439	0
Administration	964,314	922,548	16,027	938,575	25,739
Business and Fiscal Services	508,037	499,562	8,475	508,037	0
Plant Operation and Maintenance	1,422,491	1,024,259	35,355	1,059,614	362,877
Pupil Transportation	11,677	11,677	0	11,677	0
Central	150,102	148,812	1,290	150,102	0
Food Services	2,572	2,513	59	2,572	0
Extracurricular	1,165	1,165	0	1,165	0
Capital Outlay	256,289	147,032	62,643	209,675	46,614
<b>Total Expenditures</b>	<b>9,988,909</b>	<b>8,270,956</b>	<b>184,020</b>	<b>8,454,976</b>	<b>1,533,933</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,533,077)</b>	<b>184,876</b>	<b>(184,020)</b>	<b>856</b>	<b>1,533,933</b>
<b>Other Financing Sources (Uses)</b>					
Sale of Assets	1,889	1,889	0	1,889	0
Transfers In	272,830	272,830	0	272,830	0
Transfers Out	(299,151)	(286,831)	0	(286,831)	12,320
Advances In	73,557	73,557	0	73,557	0
Advances Out	(50,848)	(50,848)	0	(50,848)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,723)</b>	<b>10,597</b>	<b>0</b>	<b>10,597</b>	<b>12,320</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,534,800)</b>	<b>195,473</b>	<b>(\$184,020)</b>	<b>\$11,453</b>	<b>\$1,546,253</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,729,834</b>	<b>1,729,834</b>			
<b>Fund Balance at End of Year</b>	<b>\$195,034</b>	<b>\$1,925,307</b>			

See Notes to General Purpose Financial Statements

**Medina County Joint Vocational School District**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types - continued  
*Special Revenue Funds*  
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
<b>Revenues</b>					
Intergovernmental	\$642,254	\$642,254		\$642,254	\$0
Other	41,481	41,481		41,481	0
<b>Total Revenues</b>	<b>683,735</b>	<b>683,735</b>		<b>683,735</b>	<b>0</b>
<b>Expenditures</b>					
<b>Current:</b>					
Vocational, Adult and Other Instruction	330,537	263,861	\$6,426	270,287	60,250
Support Services:					
Pupil Services	233,885	210,481	67	210,548	23,337
Instructional Staff	97,933	91,617	2,864	94,481	3,452
Administration	15,949	9,905	1,086	10,991	4,958
Central	43,322	36,717	1,586	38,303	5,019
Community Services	25,603	25,603	0	25,603	0
Extracurricular	508	508	0	508	0
<b>Total Expenditures</b>	<b>747,737</b>	<b>638,692</b>	<b>12,029</b>	<b>650,721</b>	<b>97,016</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(64,002)</b>	<b>45,043</b>	<b>(12,029)</b>	<b>33,014</b>	<b>97,016</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	21	21	0	21	0
Advances In	50,848	50,848	0	50,848	0
Advances Out	(52,409)	(52,409)	0	(52,409)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,540)</b>	<b>(1,540)</b>	<b>0</b>	<b>(1,540)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(65,542)</b>	<b>43,503</b>	<b>(\$12,029)</b>	<b>\$31,474</b>	<b>\$97,016</b>
Fund Balance at Beginning of Year	54,802	54,802			
<b>Fund Balance at End of Year</b>	<b>(\$10,740)</b>	<b>\$98,305</b>			

See Notes to General Purpose Financial Statements



**Medina County Joint Vocational School District**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types - continued  
*Capital Projects Funds*  
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
<b>Revenues</b>					
Earnings on Investments	\$4,670	\$4,670		\$4,670	\$0
<b>Total Revenues</b>	<b>4,670</b>	<b>4,670</b>		<b>4,670</b>	<b>0</b>
<b>Expenditures</b>					
Current:					
Capital Outlay	570,096	466,431	\$103,665	570,096	0
<b>Total Expenditures</b>	<b>570,096</b>	<b>466,431</b>	<b>103,665</b>	<b>570,096</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(565,426)</b>	<b>(461,761)</b>	<b>(103,665)</b>	<b>(565,426)</b>	<b>0</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	212,403	212,403	0	212,403	0
<b>Total Other Financing Sources (Uses)</b>	<b>212,403</b>	<b>212,403</b>	<b>0</b>	<b>212,403</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(353,023)</b>	<b>(249,358)</b>	<b>(\$103,665)</b>	<b>(\$353,023)</b>	<b>\$0</b>
Fund Balance at Beginning of Year	353,023	353,023			
<b>Fund Balance at End of Year</b>	<b>\$0</b>	<b>\$103,665</b>			

See Notes to General Purpose Financial Statements

**Medina County Joint Vocational School District**  
 Combined Statement of Revenues, Expenses  
 and Changes in Retained Earnings  
*All Proprietary Fund Types*  
 For the Fiscal Year Ended June 30, 1999  
 (With Comparative Totals For the Year Ended June 30, 1998)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
<b>Operating Revenues</b>				
Tuition	\$574,598	\$0	\$574,598	\$491,783
Classroom Materials and Fees	151,398	0	151,398	145,683
Other	225,027	10,213	235,240	238,768
<b>Total Operating Revenues</b>	<b>951,023</b>	<b>10,213</b>	<b>961,236</b>	<b>876,234</b>
<b>Operating Expenses</b>				
Salaries and Wages	633,767	0	633,767	544,359
Employees' Retirement and Insurance	205,341	7,627	212,968	92,073
Purchased Services	121,169	0	121,169	181,668
Supplies and Materials	298,010	0	298,010	313,411
Other	4,359	0	4,359	10,193
Depreciation	4,567	0	4,567	4,567
<b>Total Operating Expenses</b>	<b>1,267,213</b>	<b>7,627</b>	<b>1,274,840</b>	<b>1,146,271</b>
<b>Operating Income (Loss)</b>	<b>(316,190)</b>	<b>2,586</b>	<b>(313,604)</b>	<b>(270,037)</b>
<b>Non-Operating Revenues</b>				
Intergovernmental	375,109	0	375,109	291,302
<b>Total Non-Operating Revenues</b>	<b>375,109</b>	<b>0</b>	<b>375,109</b>	<b>291,302</b>
<b>Income Before Operating Transfers</b>	<b>58,919</b>	<b>2,586</b>	<b>61,505</b>	<b>21,265</b>
<b>Operating Transfers</b>				
Operating Transfers In	74,407	0	74,407	133,056
Operating Transfers Out	(272,830)	0	(272,830)	(120,728)
<b>Total Operating Transfers</b>	<b>(198,423)</b>	<b>0</b>	<b>(198,423)</b>	<b>12,328</b>
<b>Net Income (Loss)</b>	<b>(139,504)</b>	<b>2,586</b>	<b>(136,918)</b>	<b>33,593</b>
Add depreciation on fixed assets transferred in from other funds that reduces contributed capital	4,567	0	4,567	4,567
<b>Net Increase (Decrease) in Retained Earnings</b>	<b>(134,937)</b>	<b>2,586</b>	<b>(132,351)</b>	<b>38,160</b>
Retained Earnings at Beginning of Year	337,759	2,195	339,954	301,794
<b>Retained Earnings at End of Year</b>	<b>\$202,822</b>	<b>\$4,781</b>	<b>\$207,603</b>	<b>\$339,954</b>

See Notes to General Purpose Financial Statements

**Medina County Joint Vocational School District**  
 Combined Statement of Cash Flows  
*All Proprietary Fund Types*  
 For the Fiscal Year Ended June 30, 1999  
 (With Comparative Totals For the Year Ended June 30, 1998)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
<b>Cash Flows From Operating Activities</b>				
Operating Income (Loss)	(\$316,190)	\$2,586	(\$313,604)	(\$270,037)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Depreciation	4,567	0	4,567	4,567
(Increase) Decrease In Assets:				
Accounts Receivable	18,291	0	18,291	(4,531)
Intergovernmental Receivable	6,887	0	6,887	105,737
Inventories	(9,429)	0	(9,429)	(14,112)
Increase (Decrease) In Liabilities:				
Accounts Payable	2,515	0	2,515	358
Accrued Wages and Benefits Payable	12,616	0	12,616	(69,351)
Interfund Payable	(21,148)	0	(21,148)	(19,082)
Total Adjustments	14,299	0	14,299	3,586
Net Cash Provided By (Used In) Operating Activities	(301,891)	2,586	(299,305)	(266,451)
<b>Cash Flows From Non-Capital Financing Activities</b>				
Non-Operating Grants	375,109	0	375,109	291,302
Operating Transfers In	74,407	0	74,407	133,056
Operating Transfers Out	(272,830)	0	(272,830)	(120,728)
Net Increase (Decrease) in Cash and Cash Equivalents	(125,205)	2,586	(122,619)	37,179
Cash And Cash Equivalents, Beginning Of Year	325,383	2,195	327,578	290,399
Cash And Cash Equivalents, End Of Year	<u>\$200,178</u>	<u>\$4,781</u>	<u>\$204,959</u>	<u>\$327,578</u>

See Notes to General Purpose Financial Statements

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies**

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

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

**Measurement Focus, Basis of Accounting and Basis of Presentation:** The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

The District considers all revenues available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, if any, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax revenues, grant revenues, interest revenues, tuition revenues, and classroom materials and fees are susceptible to accrual.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not financed by proprietary funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Proprietary funds include the following fund types:

The enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is desirable for management accountability.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

The internal service fund accounts for operations that provide services to other departments or agencies of the District on a cost-reimbursement basis.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds include the following fund types:

The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Account groups. The general fixed assets account group is used to account for fixed assets not accounted for in proprietary funds. The general long-term obligations account group is used to account for general long-term debt and certain other liabilities that are not specific fund liabilities.

**Assets, Liabilities and Equity**

**Deposits and Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

**Medina County Joint Vocational School District**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general and capital projects funds during fiscal year 1999 amounted to \$150,536 and \$4,670, respectively.

Purchased investments are valued at cost and do not affect fund equity when purchased or redeemed. They are reported at fair value, which is cost, in accordance with GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

**Receivables and Payables:** Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against real, public utility, and tangible personal property located in the District.

Outstanding loans between funds are presented in these accompanying financial statements as interfund receivables and interfund payables.

**Restricted Assets:** Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction.

**Inventories:** Inventories are valued at cost using the first in/first out method. The costs of governmental fund type inventories are recorded as expenditures when purchased. Governmental fund type inventories, on hand at year-end, are offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of assets.

Proprietary fund type inventory costs are charged to operations when consumed.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

**Fixed Assets and Depreciation:** Fixed assets are stated on the basis of cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Infrastructure including driveways, sidewalks, parking lots, lighting systems, drainage systems, and landscaping are not capitalized. Assets costing less than five hundred dollars (\$500) are not normally capitalized. The cost of normal maintenance and repairs is charged to operations as incurred. Assets in the general fixed assets account group are not depreciated. Proprietary fund assets are depreciated using the straight-line method over useful lives ranging from eight to twenty years.

**Compensated Absences:** Compensated absences are absences for which employees will be paid, such as vacation, sick leave, or sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place. Compensated absences are calculated using the termination method.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the general long-term obligations account group.

In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Employees earn vacation in accordance with the following:

Administrators	Twenty days per year
Certificated	Ineligible for vacation
Non-Certificated	Ten to twenty-five days per year depending on years of service

Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.



**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

Employees earn sick leave at the rate of one and one-quarter days per month and may accumulate up to 285 days. Employees with five or more years of service are paid at various rates upon termination of employment.

**Fund Balance Reserves:** The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes and budget stabilization. Under Ohio law, the reserve for budget stabilization must be established for certain revenues but is not expendable without permission of the Ohio Department of Education.

The District is required by state law to set aside certain general fund amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<b>Textbook and Instructional Material Reserve</b>	<b>Capital Improvement and Maintenance Reserve</b>	<b>Budget Stabilization Reserve</b>	<b>Total</b>
Balance 7/1/98	\$ 0	\$ 0	\$ 52,614	\$ 52,614
Required Set-Aside	144,175	144,175	72,635	360,985
Offset Credits	0	0	0	0
Qualifying Expenditures	(144,175)	(144,175)	0	(288,350)
<b>Balance 6/30/99</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>125,249</u></b>	<b>\$ <u>125,249</u></b>

Expenditures for textbooks and instructional material and capital improvement and maintenance activity during the year were \$250,000 and \$257,610, respectively, which exceeded the required set-aside amounts.

These extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 1: Summary of Significant Accounting Policies - continued**

Amounts remaining at the year end have been set-aside to satisfy statutory requirements are represented by cash and are presented as restricted assets on the balance sheet. Corresponding amounts are reported as reserves of fund balance.

**Estimates:** The preparation of the 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 could differ from those estimates.

**Memorandum Only - Total Columns:** Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**Note 2: Stewardship, Compliance and Accountability**

The Board of Education is required, by Ohio law, to adopt an annual budget for all funds, other than agency, in accordance with the following:

**Budget:** A budget of estimated cash receipts and disbursements is adopted by January 15 and submitted to the county auditor, as secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

**Estimated Resources:** The County Budget Commission certifies its actions to the District. As part of this certification, the District receives the official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to fiscal year end, the District must revise its budget so that the total contemplated expenditures from a fund during the year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported in the budgetary statements reflect the final budget figures. Budgetary statements are not presented for proprietary fund types. As a result, advances in and out do not balance in the amount of \$21,148.

**Medina County Joint Vocational School District**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 1999**

**Note 2: Stewardship, Compliance and Accountability - continued**

Appropriations: Appropriations may be defined as expenditure authorization and are synonymous with budget within the Budget and Actual presentations. A temporary appropriation measure to control the cash disbursements may be passed prior to passage of the annual appropriation measure. An annual appropriation measure must be passed for the current fiscal year. The appropriation measure may be amended or supplemented during the year as new information becomes available. The appropriated budget is prepared by object level for the general fund and by fund level only for all other funds, which is the legal level of budgetary control. Several amendments and supplements were enacted during the fiscal year. The amounts reported in the budgetary statements reflect final amended appropriations. Appropriations may not exceed estimated resources and expenditures plus encumbrances may not exceed appropriations at the legal level of control.

Encumbrances: The District is required to use, by Ohio law, the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. Encumbrances at year end have been presented as reserves of fund balances.

Budgetary Basis of Accounting: The District's budgetary process is based upon accounting for transactions on the budget basis. The difference between budget basis and the accrual and modified accrual (GAAP) basis are that revenues are recorded when received in the budget basis as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid or encumbered (budget) as opposed to when incurred (GAAP). Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 2: Stewardship, Compliance and Accountability - continued**

**Excess (Deficiency) of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$ 170,102	\$ 29,523	\$ (206,080)
Net Adjustments for Revenue			
Accruals	(61,981)	17,336	0
Net Adjustments for Expenditure			
Accruals	64,643	(1,795)	(43,278)
Net Adjustments for Interfund			
Loan Transactions	22,709	(1,561)	0
Net Adjustments for Encumbrances	<u>(184,020)</u>	<u>(12,029)</u>	<u>(103,665)</u>
<b>Budget Basis</b>	<b>\$ <u>11,453</u></b>	<b>\$ <u>31,474</u></b>	<b>\$ <u>(353,023)</u></b>

**Deficit Fund Equity**

On June 30, 1999, the Consumer Education and Adult Basic Education Funds reflected deficit fund balances of \$644 and \$1,015, respectively. These deficits resulted from adjustments for accrued liabilities. The general fund is ultimately liable for any deficits in the District's funds and provides operating transfers when cash is required rather than when accruals are recognized.

**Note 3: Cash and Investments**

**Cash and Cash Equivalents and Investments:** The District maintains a cash and investment pool used by all funds. Each fund type's portion is displayed on the "Combined Balance Sheet - All Fund Types and Account Groups" as cash and cash equivalents.

**Legal Requirements:** Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the District into three categories, which determines the types of investments which can be made.

**Medina County Joint Vocational School District**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 1999**

**Note 3: Cash and Investments - continued**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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;

**Medina County Joint Vocational School District**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 1999**

**Note 3: Cash and Investments - continued**

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; and
6. The State Treasurer's investment pool (STAR Ohio).

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

Protection of the 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 within the institution.

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

**Deposits:** At year end, the carrying amount of the District's deposits was \$278,031 and the bank balance was \$407,720 of which \$194,098 was covered by federal depository insurance, and \$213,622 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or agent in the District's name.

Category 2 includes uninsured and unregistered investments for which securities are held by the financial institution's trust department or agent in the District's name.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 3: Cash and Investments - continued**

Category 3 includes uninsured and unregistered investments for which securities are held by the financial institution or by its trust department but not in the District's name.

Investments in the State Treasurer's investment pool are not subject to categorization.

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 233,000	\$ 233,000	\$ 233,000
Investments in State Treasurer's Investment Pool	<u>0</u>	<u>1,880,630</u>	<u>1,880,630</u>
Total Investments	<u>\$ 233,000</u>	<u>\$ 2,113,630</u>	<u>\$ 2,113,630</u>

**Note 4: Jointly Governed Organizations**

**A. Lake Erie Educational Computer Association (LEECA)**

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology to administrative and instructional functions among member districts. Each of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from LEECA's fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from LEECA's fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, LEECA's fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

**B. Ohio Schools' Council (OSC)**

The Ohio Schools' Council (OSC) is a jointly governed organization comprised of seventy-two school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service, and insurance. Each member

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 4: Jointly Governed Organizations - continued**

provides operating resources to OSC via a monthly administrative fee and an actual usage charge, except for insurance.

The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio.

**Note 5: Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances as of June 30, 1999 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:	\$ 49,952	\$ 0
Special Revenue Funds:		
Local Grants		2,000
Ad Full Service	0	3,000
Vocational Education	<u>0</u>	<u>44,952</u>
<b>TOTAL</b>	<b><u>\$ 49,952</u></b>	<b><u>\$ 49,952</u></b>



**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 6: Fixed Assets**

A summary of changes in general fixed assets is as follows:

	<u>Balance</u> <u>June 30, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1999</u>
Land	\$ 734,955	\$ 59,141	\$ 0	\$ 794,096
Building and Improvements	8,291,453	28,033	0	8,319,486
Furniture, Fixtures and Equipment	3,208,548	115,988	(82,858)	3,241,678
Vehicles	<u>131,378</u>	<u>17,304</u>	<u>0</u>	<u>148,682</u>
<b>TOTAL</b>	<b>\$ <u>12,366,334</u></b>	<b>\$ <u>220,466</u></b>	<b>\$ <u>(82,858)</u></b>	<b>\$ <u>12,503,942</u></b>

During fiscal year 1999, the District elected to change its method of accounting and reporting for certain fixed assets. The District will not report the value of its textbooks and library books. This resulted in adjustments to certain fixed asset values to properly reflect their balances at June 30, 1998. The balance in the general fixed asset account group at June 30, 1998, was decreased \$532,062 to \$12,366,334 as a result of the fixed asset adjustment described above.

A summary of enterprise fund fixed assets as of June 30, 1999 is as follows:

Furniture, Fixtures and Equipment	\$ 149,246
Less Accumulated Depreciation	(136,785)
<b>Net Fixed Assets</b>	<b>\$ <u>12,461</u></b>

**Note 7: Changes in Contributed Capital**

Changes in contributed capital for the year ended June 30, 1999, are as follows:

	<b>Adult Education Fund</b>
Contributed Capital on June 30, 1998	\$ 13,048
Less Depreciation Expense Charges to Contributed Capital	<u>(4,567)</u>
<b>Contributed Capital on June 30, 1999</b>	<b>\$ <u>8,481</u></b>

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 8: Leases**

Operating Leases: The District leases certain photocopiers under noncancellable operating leases. Total costs were \$38,875 for such leases for the Fiscal Year Ended June 30, 1999.

The future minimum lease payments, in the amount of \$24,208, will conclude during the Fiscal Year Ending June 30, 2000.

Capital Lease: The District is lessee in a lease agreement financing the acquisition of lab equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments of \$46,412 as of the inception date, in the general fixed assets account group and the general long-term obligations account group.

The remaining future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 1999, were as follows:

	<u>Capital Lease</u>
Year Ending June 30	
2000	\$ 12,515
Less: amount representing interest	<u>(627)</u>
Present value of minimum lease payments	<u>\$ 11,888</u>

**Note 9: Long-Term Obligations**

Changes in Long-Term Obligations: Changes in general long-term obligations are as follows:

	<u>Outstanding June 30, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 1999</u>
Capital Lease	\$ 23,180	\$ 0	\$ 11,292	\$ 11,888
Compensated Absences	<u>1,335,784</u>	<u>62,001</u>	<u>0</u>	<u>1,397,785</u>
<b>Total</b>	<u>\$ 1,358,964</u>	<u>\$ 62,001</u>	<u>\$ 11,292</u>	<u>\$ 1,409,673</u>

**Medina County Joint Vocational School District**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 1999**

**Note 10: Property Taxes**

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property which is located within the District. The District receives taxes from Medina, Ashland, Lorain, and Summit counties. The county auditors are responsible for assessing and remitting these property taxes to the District. The county treasurers are responsible for collecting property taxes.

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The County Auditor reappraises real property every six years. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semiannually. The first payment is due January 20, and the remainder is payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The county auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Tangible personal property taxes collected were based on assessed values that represent varying percentages of cost. Tangible personal property taxes are levied on January 1, which is the lien date, of the current year and are due by April 30.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at eighty-eight (88%) percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Accrued property taxes receivable represent real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available 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 to the District as an advance at June 30, 1999 was recognized as revenue and a reservation of fund balance.

Since the counties assess and levy property taxes on a calendar basis, the District receives property taxes from two (2) taxing years during the District's fiscal year.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 10: Property Taxes – continued**

The assessed values of real and tangible personal property, upon which property tax receipts for the Fiscal Year Ended June 30, 1999 were based, are as follows:

	<b>1998</b>	<b>1997</b>
	<b>Assessed</b>	<b>Assessed</b>
	<b>Values</b>	<b>Values</b>
Real Property:		
Residential/Agricultural	\$ 1,828,610,560	\$ 1,686,652,030
Commercial/Industrial	298,852,420	285,662,500
Tangible Personal Property:		
General	207,652,453	189,333,661
Public Utilities	<u>117,620,840</u>	<u>120,558,570</u>
<b>Total Assessed Valuation</b>	<b><u>\$ 2,452,736,273</u></b>	<b><u>\$ 2,282,206,761</u></b>

**Note 11: Pension and Retirement Plans**

State Teachers Retirement System

Plan Description The Medina County Joint Vocational School District contributes to the State Teachers Retirement Systems (STRS), a cost-sharing multiple-employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Board of Trustees. The State Teachers Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to State Teachers Retirement Systems, 275 East Broad Street, Columbus, Ohio 43215.

Funding Policy Plan members are required to contribute 9.3% of their annual covered salary and Medina County Joint Vocational School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Medina County Joint Vocational School District are established and may be amended by the STRS Board of Trustees. The District's contributions to STRS for the years ending June 30, 1999, 1998, and 1997 were \$752,643, \$675,539, and \$650,673, respectively, equal to the required contributions for each year.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 11: Pension and Retirement Plans - continued**

School Employees Retirement System

Plan Description The Medina County Joint Vocational School District also contributes to the School Employees Retirement Plan (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the SERS Board of Trustees. The School Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to School Employees Retirement Systems, 45 North Fourth Street, Columbus, Ohio 43215.

Funding Policy Plan members are required to contribute 9.0% of their annual covered salary and Medina County Joint Vocational School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Medina County Joint Vocational School District are established and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 1999, 1998, and 1997 were \$232,667, \$130,143, and \$123,657, respectively, equal to the required contributions for each year.

**Note 12: Post Employment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System, and to retired non-certified employees and their dependents through the School Employees Retirement System.

State Teachers Retirement System (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (the Board) has discretionary 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.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS fund shall be included in the employer contribution rate, currently 14% of covered payroll.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 12: Post Employment Benefits - continued**

The Board currently allocates employer contributions equal to 2% of covered payroll to health care reserve fund from which payments for health care benefits are paid. The balance in the health care reserve fund was \$2,156 million at June 30, 1998. The Healthcare Reserve Fund allocation for the year ended June 30, 1999, will be 8.0% of covered payroll. For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients statewide.

June 30, 1998 is the latest date for which information is available.

School Employees Retirement System (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay was established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million.

At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000 statewide.

June 30, 1998 is the latest date for which information is available.

The District's actual contributions for the 1999 fiscal year were \$97,271.

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 13: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has a comprehensive property and casualty policy with Todd & Associates which includes boiler coverage. The deductible is \$1,000 per incident. All vehicles are insured with The Anthem Casualty Insurance Group and have a \$500 deductible. All board members, administrators and employees are covered under a school district liability policy with Nationwide Insurance Company. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 total per year. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no reduction in coverage from the prior year.

The Superintendent and Treasurer are covered with surety bonds for \$20,000. These bonds are with Nationwide Mutual Insurance Company. Remaining employees who handle money are covered with a public employees blanket bond in the amount of \$5,000. This coverage is provided by the Westfield Companies.

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

The District has contracted with Medical Mutual of Ohio to provide medical/surgical, dental, vision, and prescription drug benefits for its employees and their covered dependents. Monthly premium costs are shared by the District and covered employees.

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

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

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 13: Risk Management - continued**

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

The District's internal service fund accounts for a "Section 125" employee benefits plan. The plan allows employees to designate payroll deductions, on a pre-tax basis, for medical copayments and childcare expenses. A third party administrator reviews and pays all claims on behalf of the District. Claims are limited to contributions paid into the self insurance fund. Contributions not paid out in claims during the year are forfeited to the District.

**Note 14: Segment Information for Enterprise Funds**

Segment information for Enterprise Funds is as follows:

	<b>Uniform School Supplies</b>	<b>Vocational Rotary</b>	<b>Adult Education</b>	<b>Total</b>
Operating Revenues	\$ 83,999	\$ 217,459	\$ 649,565	\$ 951,023
Operating Expenses	92,781	125,590	1,044,275	1,262,646
Depreciation	0	0	4,567	4,567
Operating Income (Loss)	(8,782)	91,869	(399,277)	(316,190)
Operating Grants	0	0	375,109	375,109
Operating Transfer In	14,500	59,907	0	74,407
Operating Transfers Out	0	(272,830)	0	(272,830)
Net Income (Loss)	5,718	(121,054)	(24,168)	(139,504)
Net Working Capital	35,461	11,034	152,347	198,842
Total Assets	35,461	11,439	273,319	320,219
Total Equity	\$ 35,461	\$ 11,034	\$ 164,808	\$ 211,303



**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 15: Contingencies**

**Grants**

The District receives financial assistance from numerous federal and state agencies which are subjected to financial and compliance audits in accordance with the Single Audit Act Amendments of 1996. Such audits could lead to a request for reimbursement to the grantor agency for disallowed expenditures. Management believes that such disallowances, if any, would not materially affect the District's financial position.

**State School Funding**

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 Ohio General Assembly 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 this District. During the fiscal year ended June 30, 1999, the District received \$3,293,959 of school foundation support for its general fund, and \$4,022,485 in total (all funds) support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of these financial statements, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court and, as such, school districts are still operating under laws that the Common Pleas Court declared unconstitutional.

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

**Medina County Joint Vocational School District  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 1999**

**Note 16: Year 2000 Issue**

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

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting and payroll. The District utilizes an external service organization for these systems. This organization is responsible for remediating these systems. Management has been advised that the external service organization has tested and validated the systems related to the District's financial reporting and payroll as of June 30, 1999.

The State of Ohio distributes a portion of the District's operating monies in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through their Education Management and Information Systems (EMIS). The State is responsible for remediating these systems and is solely responsible for any associated costs.

Local property taxes also provide a portion of the District's operating monies. Tax collection for the District is handled by Medina County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

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

**MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
MEDINA COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>				
<i>Direct</i>				
Federal Pell Grant Program	N/A	84.063	\$75,253	\$75,253
<i>Passed Through Ohio Department of Education:</i>				
Vocational Education - Basic Grants to States	062109-20-A4-00-98	84.048	3,000	0
	062109-20-A4-00-99		23,786	25,603
	062109-VE-AFSC-99-20		17,000	20,000
	062109-20-C1-00-98		32,442	29,474
	062109-20-C1-00-99		189,155	194,416
	062109-20-C2-00-98		7,376	0
	062109-20-C2-00-99		46,870	54,512
Total Vocational Education - Basic Grants to States			319,629	324,005
Adult Education State Grant Program	062109-AB-S1-99C	84.002	7,189	7,189
	062109-AB-S1-99		54,283	100,628
Total Adult Education State Grant Program			61,472	107,817
Eisenhower Professional Development State Grant	062109-MS-S1-99	84.281	1,886	1,886
Innovative Education Program Strategies	062109-C2-S1-98	84.298	2,923	2,923
<b>Totals</b>			<b><u>\$461,163</u></b>	<b><u>\$511,884</u></b>

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

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-443-9272  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Medina County Joint Vocational School District  
Medina County  
1101 West Liberty Street  
Medina, Ohio 44256-3842

To the Board of Education:

We have audited the general purpose financial statements of Medina County Joint Vocational School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999, in which we noted the District changed its method of accounting and reporting for certain fixed assets. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 23, 1999.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-10952-001

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness.

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

We also 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 December 23, 1999.

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



**Jim Petro**  
Auditor of State

December 23, 1999



STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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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**

Medina County Joint Vocational School District  
Medina County  
1101 West Liberty Street  
Medina, Ohio 44256-3842

To the Board of Education:

**Compliance**

We have audited the compliance of Medina County Joint Vocational School District, Medina County, Ohio, (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 its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program 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 of the District's compliance with those requirements.

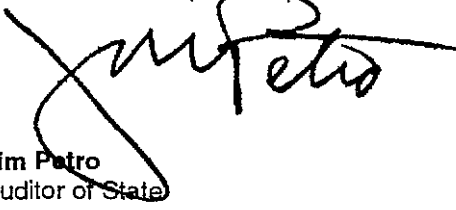
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

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

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

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



**Jim Petro**  
Auditor of State

December 23, 1999



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

**JUNE 30, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(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 Basic Grants to States CFDA #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

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

**JUNE 30, 1999**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**REPORTABLE CONDITION**

<b>Finding Number</b>	1999-10952-001
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**Fixed Assets**

We noted the following during the testing of the District's fixed assets:

1. There were various equipment items posted to the fixed asset ledger which did not meet the District's \$500 equipment capitalization limit. This resulted in fixed assets being overstated in the fixed asset ledger.
2. There were no voucher and/or check numbers posted to the fixed asset ledger. This reduces the District's accountability controls over the fixed assets and makes it difficult to locate support for additions to the fixed asset balance.
3. All of the current year additions had acquisition dates of June 1999 and all were coded as being purchased from the General Fund. This results in inaccurate data being carried in the fixed asset ledger and reduces the reliability of the ledger. It also made it difficult for the District to determine when assets were actually purchased to locate the support documentation for the purchase. Not indicating which fund purchased new assets could allow assets purchased by the Enterprise Fund types to be inappropriately placed in the General Fixed Asset Account Group and not properly depreciated.
4. A depreciation schedule was not maintained which detailed the current depreciation expense and accumulated depreciation for the Proprietary Fund Type fixed assets. This could result in inaccurate reporting of Proprietary Fund Type fixed assets.
5. The listing of current year additions to the District's fixed assets was incomplete. Also there were assets listed as current year additions which were actually purchased in previous fiscal years and already included in the District's fixed asset balance. Both instances resulted in fixed assets being misstated in the fixed asset ledger.
6. The District does not consistently utilize a policy when purchasing computers and computer related equipment. Computers and related equipment were occasionally valued and posted in the fixed asset ledger as one unit, while at other times, these items were valued and posted separately in the fixed asset ledger. Because of the District's high volume of computer related purchases, the lack of a consistent policy for these types of purchases results in inaccurate and inconsistent values being posted to the fixed asset ledger for these items.
7. Proprietary Fund Type fixed assets were recorded in the General Fixed Asset Account Group. This resulted in the overstatement of the General Fixed Asset Account Group.
8. The form used by the District to approve deletions was not always completed properly with regard to the description and cost of the asset being deleted, the location of the asset being deleted, or signature of the local supervisor approving the deletion. This could result in deletions being improperly approved.

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

**JUNE 30, 1999**  
**(Continued)**

9. The District could not locate information to support the total value of the land fixed assets at June 30, 1999, as recorded in the fixed asset ledger. This resulted in a difference of \$198,406 between the amount presented in the general purpose financial statements and the amount listed in the District fixed asset records as the book value.
10. The purchase order amount was sometimes used instead of the actual invoice amount as the source document for posting valuation data for each fixed asset. This could result in inaccurate book values.

As a result of these conditions, adjustments to the financial statements were required. The District, at a minimum, should implement the following procedures for their fixed assets:

1. The District should perform a comprehensive fixed asset inventory, and develop a policy to perform such an inventory on a regular basis. The District may consider hiring the services of an outside specialist to assist them with the first comprehensive inventory and establishing a policy.
2. Delete all items which do not meet the District's capitalization policy.
3. Post all significant expenditure information to the fixed asset ledger for each asset such as purchase date, amount, check number, description, location, tag number or other identification number.
4. Maintain a detailed depreciation schedule for all Enterprise Fund Type fixed assets.
5. To ensure the completeness of fixed assets, the Treasurer should reconcile on an annual basis, current year additions and deletions recorded on the fixed asset ledger to capital items on the District's expenditure ledgers and other pertinent documentation.
6. Establish a policy for valuing computers and computer related items.
7. Develop procedures to ensure that the actual invoice is used to post valuation data for fixed assets purchased.
8. Examine approval forms for deletions before approval to ensure that all pertinent information is present on each form.

These procedures, if implemented, will help ensure the District's fixed assets are valued accurately and are complete, and deletions are properly approved.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



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Facsimile 330-471-0001

MEDINA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT, MEDINA COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*  
Clerk of the Bureau

Date: JAN 27 2000