

VANTAGE JOINT VOCATIONAL
SCHOOL DISTRICT
VAN WERT, OHIO

*GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999*

TRIMBLE, JULIAN & GRUBE, INC.

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VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

TABLE OF CONTENTS

Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	6
Statement of Cash Flows - Proprietary Fund Type	7
Notes to the General Purpose Financial Statements	8 - 39
Supplemental Data Schedule of Expenditures of Federal Awards	40
Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	41 - 42
Report on Compliance with Requirements Applicable to Its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	43 - 44
Schedule of Findings <i>OMB Circular A-133 § .505</i>	45 - 46



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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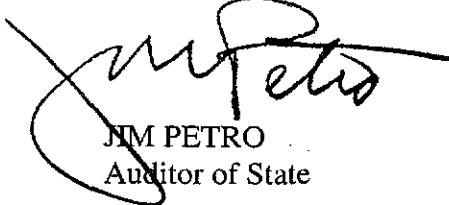
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Board of Education
Vantage Joint Vocational School District
Van Wert, Ohio

We have reviewed the Independent Auditor's Report of the Vantage Joint Vocational School District, Van Wert County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

January 6, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Board of Education
Vantage Joint Vocational School District
818 North Franklin Street
Van Wert, Ohio 45891

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Vantage Joint Vocational School District, Van Wert County, as of June 30, 1999, 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 December 14, 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.

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 expenditures of federal awards 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 14, 1999

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)
	General	Special Revenue	Capital Projects			Enterprise	Trust and Agency	General	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$383,717	\$155,407	\$399,032	\$144,611	\$73,649				\$1,156,416
Investments	300,000								300,000
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent	1,733,979		452,674						2,186,653
Accounts	897			18,285					19,182
Accrued interest	36								36
Interfund loan receivable	199								199
Due from other governments		23,275		9,163					32,438
Prepayments	4,524								4,524
Materials and supplies inventory				104,443					104,443
Restricted assets:									
Equity in pooled cash and cash equivalents	54,909								54,909
Property, plant and equipment (net of accumulated depreciation where applicable)				20,338			\$6,172,915		6,193,253
OTHER DEBITS:									
Amount to be provided for retirement of General Long-Term Obligations								\$308,501	308,501
Total assets and other debits	\$2,478,261	\$178,682	\$851,706	\$296,840	\$73,649	\$6,172,915	\$308,501	\$10,360,554	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General	Fixed Assets	General	Long-Term Obligations		
LIABILITIES, EQUITY AND OTHER CREDITS											
LIABILITIES:											
Accounts payable	\$25,240	\$4,679	\$25,534	\$8,181							\$63,634
Accrued wages and benefits	491,453	19,477		12,097							523,027
Compensated absences payable	28,673	14		29,662					\$308,501		366,850
Pension obligation payable	35,100	1,916		8,434							45,450
Interfund loan payable					\$199						199
Deferred revenue	1,666,807		435,162	1,931							2,103,900
Due to students					30,357						30,357
Total liabilities	2,247,273	26,086	460,696	60,305	30,556			308,501			3,133,417
EQUITY AND OTHER CREDITS:											
Investment in general fixed assets											6,172,915
Contributed Capital						15,737					15,737
Retained earnings: unreserved						220,798					220,798
Fund balances:											
Reserved for encumbrances	54,600	8,615	107,844								171,059
Reserved for prepayments	4,524										4,524
Reserved for tax revenue											
unavailable for appropriation	67,172		17,512								84,684
Reserved for budget stabilization	54,909										54,909
Unreserved-undesignated	49,783	143,981	265,654		43,093						502,511
Total equity and other credits	230,988	152,596	391,010	236,535	43,093			6,172,915			7,227,137
Total liabilities, equity and other credits	\$2,478,261	\$178,682	\$851,706	\$296,840	\$73,649			\$6,172,915	\$308,501		\$10,360,554

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
From local sources:					
Taxes	\$1,714,443		\$448,469		\$2,162,912
Tuition	124,135				124,135
Earnings on investments	39,410				39,410
Other local revenues	1,991	\$17,680		\$61,767	81,438
Intergovernmental - State	2,753,263	66,224	55,473		2,874,960
Intergovernmental - Federal		283,808			283,808
Total revenues	4,633,242	367,712	503,942	61,767	5,566,663
Expenditures:					
Current:					
Instruction:					
Regular	466,880				466,880
Vocational	2,461,178	151,231	1,350		2,613,759
Other		59,336			59,336
Support services:					
Pupil	243,737	65			243,802
Instructional staff	332,422	44,542			376,964
Board of Education	60,729		269,910		330,639
Administration	268,992	5,677			274,669
Fiscal	168,098	100	12,311		180,509
Operations and maintenance	431,668			52,335	484,003
Central	8,918	31,788			40,706
Extracurricular activities	4,627				4,627
Facilities services	3,818		119		3,937
Total expenditures	4,451,067	292,739	283,690	52,335	5,079,831
Excess of revenues over expenditures	182,175	74,973	220,252	9,432	486,832
Other financing sources:					
Proceeds from sale of assets	16,608				16,608
Total other financing sources	16,608				16,608
Excess of revenues and other financing sources over expenditures	198,783	74,973	220,252	9,432	503,440
Fund balances, July 1, 1998	32,205	77,623	170,758	33,661	314,247
Fund balances, June 30, 1999	<u>\$230,988</u>	<u>\$152,596</u>	<u>\$391,010</u>	<u>\$43,093</u>	<u>\$817,687</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT

VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:												
From local sources:												
Taxes.....	\$1,704,708	\$1,704,708	\$0				\$446,055	\$446,055	\$0	\$2,150,763	\$2,150,763	\$0
Tuition.....	124,255	124,255	0							124,255	124,255	0
Earnings on investments.....	39,948	39,948	0							39,948	39,948	0
Other local revenues.....	1,489	1,489	0	\$29,371	\$29,371	\$0				30,860	30,860	0
Intergovernmental - State.....	2,760,227	2,760,227	0	43,571	43,571	0	55,473	55,473	0	2,859,271	2,859,271	0
Intergovernmental - Federal.....				301,015	301,015	0				301,015	301,015	0
Total revenues.....	4,630,627	4,630,627	0	373,957	373,957	0	501,528	501,528	0	5,506,112	5,506,112	0
Expenditures:												
Current:												
Instruction:												
Regular.....	514,622	460,169	54,453	89,239	142,897	(53,658)	48,275	15,222	33,053	514,622	460,169	54,453
Vocational.....	2,760,477	2,487,653	272,824	46,340	66,883	(20,543)				2,897,991	2,645,772	252,219
Other.....										46,340	66,883	(20,543)
Support services:												
Pupil.....	264,821	252,900	11,921	20,789	453	20,336				285,610	253,353	32,257
Instructional staff.....	365,880	336,981	28,899	40,326	48,446	(8,120)				406,206	385,427	20,779
Board of Education.....	90,150	67,286	22,864				503,933	421,755	82,178	594,063	489,041	105,042
Administration.....	300,823	270,211	30,612	5,963	5,907	76				306,806	276,118	30,688
Fiscal.....	178,453	158,110	20,343	88	100	(12)	13,821	12,311	1,510	192,362	170,521	21,841
Operations and maintenance.....	491,961	452,974	38,987							491,961	452,974	38,987
Central.....	14,770	8,919	5,851	17,175	35,756	(18,581)				31,945	44,675	(12,730)
Extracurricular activities.....	4,652	4,626	26				31,862	28,380	3,482	4,652	4,626	26
Facilities services.....	4,352	3,818	534				597,891	477,668	120,223	36,214	32,198	4,016
Total expenditures.....	4,990,961	4,503,647	487,314	219,940	300,442	(80,502)	597,891	477,668	120,223	5,808,792	5,281,757	527,035
Excess of revenues over (under) expenditures.....	(360,334)	126,980	487,314	154,017	73,515	(80,502)	(96,363)	23,860	120,223	(302,680)	224,355	527,035
Other financing sources (uses):												
Refund of prior year's expenditures.....	301	301	0							301	301	0
Operating transfers in.....				18,582	18,582	0				18,582	18,582	0
Operating transfers (out).....				(18,582)	(18,582)	0				(18,582)	(18,582)	0
Advances (out).....	0	(199)	(199)							0	(199)	(199)
Proceeds of sale of fixed assets.....	18,478	18,478	0							18,478	18,478	0
Total other financing sources (uses).....	18,779	18,580	(199)	0	0	0				18,779	18,580	(199)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(341,555)	(45,560)	487,115	154,017	73,515	(80,502)	(96,363)	23,860	120,223	(283,901)	242,935	526,836
Fund balances, July 1.....	374,591	374,591	0	28,003	28,003	0	57,403	57,403	0	459,997	459,997	0
Prior year encumbrances appropriated.....	140,864	140,864	0	46,033	46,033	0	184,391	184,391	0	371,288	371,288	0
Fund balances, June 30.....	\$173,900	\$661,015	\$487,115	\$228,053	\$147,551	(\$80,502)	\$145,431	\$265,654	\$120,223	\$547,384	\$1,074,220	\$526,836

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$339,184
Sales/charges for services	109,350
Other operating revenues	83,744
Total operating revenues	532,278
Operating expenses:	
Personal services	441,426
Contract services	77,068
Materials and supplies	252,835
Depreciation	1,580
Other	1,344
Total operating expenses	774,253
Operating loss	(241,975)
Nonoperating revenues:	
Operating grants	254,090
Federal commodities	8,556
Investment Earnings	506
Total nonoperating revenues	263,152
Net income	21,177
Retained earnings, July 1	199,621
Retained earnings, June 30	\$220,798

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
 VAN WERT COUNTY, OHIO
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$338,606
Cash received from sales/service charges	109,350
Cash received from other operations	86,064
Cash payments for personal services	(458,768)
Cash payments for contract services	(76,789)
Cash payments supplies and materials	(254,152)
Cash payments for other expenses	(1,344)
Net cash used in operating activities	(257,033)
Cash flows from noncapital financing activities:	
Cash received from operating grants	268,023
Net cash provided by noncapital financing activities	268,023
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,815)
Net cash used in capital and related financing activities	(5,815)
Cash flows from investing activities:	
Interest	506
Net cash provided by investing activities	506
Net increase in cash and cash equivalents	5,681
Cash and cash equivalents at beginning of year	138,930
Cash and cash equivalents at end of year	\$144,611
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$241,975)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,580
Federal donated commodities	8,556
Changes in assets and liabilities:	
Increase in supplies inventory	(9,587)
Decrease in accounts receivable	1,742
Decrease in accounts payable	(734)
Decrease in accrued wages & benefits	(19,134)
Increase in compensated absences payable	916
Increase in pension obligation payable	876
Increase in deferred revenue	727
Net cash used in operating activities	(\$257,033)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The Vantage Joint Vocational School District ("the District") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The District is operated under a Board of Education consisting of one member each from the two local school districts' board of education; two members from each city and exempted village school district's board of education; and one rotating member from the districts mentioned above. The Board currently consists of 11 members.

Vocational schools provide job training for residents of participating districts. The District provides various courses of instruction at the high school and adult education level. Some of these courses include office occupation education, computer technology, auto and construction trades, and cosmetology. The District also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, nonprogrammed services as well as others. It is staffed by 26 non-certificated employees, 66 certificated full-time teaching personnel who provide services to 534 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements beginning after December 15, 1992. The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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. For the District, this includes general operations, food service, and student-related activities.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The District has no component units. The following organization is described due to its relationship with the District:

Jointly Governed Organization:

Northwest Ohio Area Computer Services Cooperative (NOACSC) - The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The governing board of NOACSC consists of two representatives from each county elected by a majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

The District also participates in two group purchasing pools for insurance, described in Note 10.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories Governmental, Proprietary, and Fiduciary.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in Proprietary Funds and Trust Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

General Fund - The General Fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than Expendable Trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 or Trust Funds).

PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's Proprietary Fund Type:

Enterprise Funds - Enterprise Funds are used to account for the District activities that are financed and operated in a manner similar to private business enterprises where the intent is that: a) 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 b) 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.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 District, other than those accounted for in the Proprietary or Trust Funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary or Trust Funds.

C. 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 the Expendable Trust fund 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 and Nonexpendable Trust fund 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.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows.

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.
3. 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 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for the general fund and fund level for all other funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation measure to be effective until no later than October 1 of each year.) Resolution appropriations 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.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

5. Any revisions that alter the total of any fund appropriation for funds other than the General fund or alter total function appropriations within a fund, or alter object appropriations within functions for the General fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. Not all departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level. All supplemental appropriations were legally enacted by the Board during fiscal year 1999 in the following amounts:

	(Decrease)
General Fund	\$ 0
Special Revenue Funds	(26,000)
Capital Projects Funds	0
Enterprise Funds	(20,000)
Fiduciary Funds	<u>(10,000)</u>
 Total	 <u><u>\$(56,000)</u></u>

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary basis and GAAP basis of accounting.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During 1999, investments were limited to certificates of deposit.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 1999 totaled \$39,410 which included \$17,595 assigned from other funds of the District.

An analysis of the District's investment account at year end is provided in Note 4.

F. Inventory

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepaids

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayment and deferrals are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the Proprietary funds are capitalized in the fund.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board (GASB), Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the eligibility requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from the Proprietary funds is recorded as an expense and fund liability when earned.

J. 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 nonoperating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant
Education Management Information Systems
State Criminal Justice Grant
Job Training Partnership Act
Title VI
Innovative Education Program Strategies

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Reimbursable Grants

General Fund

Vocational Education

Proprietary Funds

National School Lunch Program

Food Distribution

Adult Education

Grant and entitlements amounted to over 54% of the District's operating revenue during the 1999 fiscal year.

K. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental fund when due, or when resources have been accumulated in the Debt Service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group.

Long-term liabilities expected to be financed from Proprietary fund operations are accounted for in those funds.

L. Fund Equity

Contributed capital is recorded in Proprietary funds that receive capital grants or contributions from other funds.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District records reservations for portions of fund equity which are legally segregated for 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 are established for encumbrances, prepayments, tax revenue unavailable for appropriation and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Interfund Transactions

During the course of normal operations, the District had a transaction between funds. A short-term interfund loan made pursuant to Board of Education Resolution is reflected as "interfund loan payable/receivable." The interfund loan is repaid in the following fiscal year.

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 5.

N. Statement of Cash Flows

The District's financial statements have been prepared in accordance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Enterprise funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

O. Statutory Reserves

The District is required by State law to set-aside certain General fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

	<u>Capital Textbooks</u>	<u>Budget Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 1998	\$ 0	\$ 0	\$19,573	\$ 19,573
Current year set-aside requirement	70,671	70,671	35,336	176,678
Qualifying disbursements	<u>(70,671)</u>	<u>(70,671)</u>	<u>0</u>	<u>(141,342)</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$54,909</u>	<u>\$ 54,909</u>
Cash balance carried forward to FY 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$54,909</u>	<u>\$ 54,909</u>

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$54,909</u>
--	-----------------

P. Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is completely restricted by State legislation.

Q. 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.

R. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The District accounts for its Proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the Enterprise funds that is not subject to repayment. 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.

T. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 1999 included the following individual fund deficit:

	<u>Deficit Balance</u>
<u>Special Revenue Fund</u>	
Job Training Partnership Act	\$(127)

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end. This GAAP-basis deficit will be funded by anticipated future *intergovernmental revenues or other subsidies not recognized and recorded at June 30.*

B. Legal Compliance

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

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

<u>Fund Type/Funds</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Pupil Support	\$ 621	\$ 5,145	\$ 4,524
Adult Basic Education	76,855	99,041	22,186
Job Training Partnership Act	60,000	62,000	2,000
Vocational Education	89,973	144,779	54,806
<u>Capital Projects Fund</u>			
IVDL Grant	0	15,222	15,222
<u>Enterprise Funds</u>			
Food Services	117,945	122,734	4,789
Adult Education	460,415	536,553	76,138

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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 accounts, including passbook accounts.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 moneys deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
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) 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 bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year end, the District had \$725 in undeposited cash on hand which is included on the Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At year-end the carrying amount of the District's deposits was \$1,510,600 and the bank balance was \$1,625,820 (both amounts include \$300,000 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$400,000 was covered by federal deposit insurance.
2. \$1,225,820 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District had no investments as defined by GASB Statement No. 3 at June 30, 1999.

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash and cash equivalents and investments per GASB Statement No. 9 on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$1,211,325	\$ 300,000
Investments of the Cash		
Management Pool:		
Certificate of Deposit	300,000	(300,000)
Cash on Hand	<u>(725)</u>	<u> </u>
 GASB Statement No. 3	 <u>\$1,510,600</u>	 <u>\$ 0</u>

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Loan Payable/Receivable

Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and/or payable:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan (Payable)</u>
<u>General Fund</u>	\$ 199	
<u>Agency Fund</u>		
Student Managed Activities	_____	\$ (199)
Total Interfund Loans	<u>\$ 199</u>	<u>\$ (199)</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies (50% of market) and railroads which are assessed at 29%. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1998 taxes were collected was \$729,359,890. Agricultural/Residential and public utility real estate represented 70.43% or \$513,694,940 of this total; Commercial & Industrial real estate represented 10.31% or \$75,226,750; public utility tangible 8.16% or \$59,542,500; and general tangible property 11.10% or \$80,895,700. The voted general tax rate for operations at the fiscal year ended June 30, 1999 was \$3.10 per \$1,000.00 of assessed valuation, and \$0.70 per \$1,000.00 of assessed valuation for permanent improvements.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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 District receives property taxes from Van Wert, Paulding, Putnam, Mercer, and Auglaize Counties. The Van Wert County Auditor periodically advances to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). 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.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables is as follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,733,979
<u>Special Revenue Fund</u>	
Due from other governments	23,275
<u>Capital Project</u>	
Taxes - current and delinquent	452,674
<u>Enterprise Funds</u>	
Due from other governments	18,285
Accounts	9,163

NOTE 8 - FIXED ASSETS

The following changes occurred in the General Fixed Assets Account Group during the year:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 1999</u>
Land/Improvement	\$ 45,000			\$ 45,000
Furniture/Equipment	2,298,491	\$326,472	\$(46,925)	2,578,038
Buildings	3,369,432			3,369,432
Vehicles	<u>170,785</u>	<u>45,912</u>	<u>(36,252)</u>	<u>180,445</u>
Total	<u>\$5,883,708</u>	<u>\$372,384</u>	<u>\$(83,177)</u>	<u>\$6,172,915</u>

A summary of the Proprietary fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$ 443,131
Less: Accumulated Depreciation	<u>(422,793)</u>
Net Fixed Assets	<u>\$ 20,338</u>

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 9 - LONG-TERM OBLIGATIONS

A. Changes in the long-term obligations of the District during fiscal year 1999 were as follows:

	<u>Outstanding July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 1999</u>
Compensated Absences	\$229,796	\$105,396	\$(26,691)	\$308,501
Total Long-Term Obligations	<u>\$229,796</u>	<u>\$105,396</u>	<u>\$(26,691)</u>	<u>\$308,501</u>

Compensated absences will be paid from the fund which the employee is paid.

B. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district.

The effects of these debt limitations for the District at June 30, 1999 are a voted debt margin of \$65,642,390 and an unvoted debt margin of \$729,360.

NOTE 10 - 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 maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, public official bonds, and professional liability. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 10 - RISK MANAGEMENT - (Continued)

GROUP PURCHASING POOLS

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan - The District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools 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.

Van Wert Area School Insurance Group (VWASIG) - The District is a member of the VWASIG, a cooperative group of Van Wert County school districts established to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends Inc. of Fort Wayne, Indiana. Van Wert County Educational Service Center serves as the fiscal agent.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise funds to account for the operations of Food Service, Uniform School Supplies, Rotary and Adult Education. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue	\$109,350	\$56,770	\$83,744	\$282,414	\$532,278
Depreciation	1,090	143	---	347	1,580
Operating income (loss)	(23,199)	3,274	9,861	(231,911)	(241,975)
Operating grants	15,280	---	3,808	235,002	254,090
Net income	1,143	3,274	13,669	3,091	21,177
Net working capital	35,893	8,013	171,285	34,729	249,920
Total assets	56,253	11,320	175,405	53,862	296,840
Long-term liabilities					
payable from fund revenues	6,949	---	---	26,774	33,723
Total liabilities	10,800	1,059	4,120	44,326	60,305
Contributed Capital				15,737	15,737
Total equity	29,716	10,261	171,285	9,536	220,798

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$83,316, \$71,668 and \$65,071, respectively, 93 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$6,266, which represents the unpaid contribution for fiscal year 1999, is recorded as a fund liability within the respective funds.

B. STATE TEACHERS RETIREMENT SYSTEM

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$405,922, \$387,747 and \$366,582 respectively, 93 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$31,200, which represents the unpaid contribution for fiscal year 1999, is recorded as a fund liability within the respective funds.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the STRS, and to retired non-certified employees and their dependents through the 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 8 percent. For the District, this amount equaled \$231,955 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.156 million at June 30, 1998 (the latest information available). As of July 1, 1998, eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998 (the latest information available), net health care costs paid by STRS were \$219,224,000.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. 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.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 125 percent 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 latest information available) SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$38,868 during the 1999 fiscal year.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

Governmental Fund Types

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>
Budget Basis	\$145,560	\$73,515	\$23,860
Net Adjustment for Revenue Accruals	2,615	(6,245)	2,414
Net Adjustment for Expenditure Accruals	(25,537)	(5,591)	60,600
Net Adjustment for Other Financing Sources/(Uses)	(1,972)		
Adjustment for Encumbrances	<u>78,117</u>	<u>13,294</u>	<u>133,378</u>
GAAP Basis	<u>\$198,783</u>	<u>\$74,973</u>	<u>\$220,252</u>

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

B. Endowment Income

The District is the beneficiary of an estate administered by the Van Wert County Foundation, a community trust. The trust may distribute the principal and income to the District for enlargement of its electronics equipment or new equipment. For the year ended June 30, 1999, the District received \$61,542 from the trustee and is recorded as other local revenues on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

C. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

D. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that 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 \$112,055 of school foundation support in total (all funds) support.

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 15 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of June 30, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 16 - CONTRIBUTED CAPITAL

The following is a reconciliation of the contributed capital for the Food Service enterprise fund:

Contributed capital at July 1, 1998	\$ 0
Current contributions	<u>15,737</u>
Contributed capital at June 30, 1999	<u>\$15,737</u>

NOTE 17 - 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 as early as fiscal year 1999.

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, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System "EMIS").

**VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 17 - YEAR 2000 ISSUE - (Continued)

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits and the State of Ohio Equipment Inventory System for its fixed assets accounting. The State is responsible for remediating these systems.

A letter dated February 19, 1998, from the Ohio Department of Education, Division of Information Management Services, State Software Development Team, addressed to All Users of the OECN State Software and Interested Parties, provided the following concerning the status of the OECN State Software in regards to the compliance requirements for the Year 2000.

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.
- The accounting software supported with the OECN State Software will be compliant with the Year 2000, beginning with the June 1998 release of USAS V6.1.
- The education management information system software supported with the OECN State Software will be compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Van Wert County collects property taxes for distribution to the District. Van Wert County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the 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.

SUPPLEMENTAL DATA

**VANTAGE JOINT VOCATIONAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(C) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(C) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE/ PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Grant Cluster:						
(A) (D) Food Distribution	10.550	N/A		\$9,283		\$8,556
(B) (D) National School Breakfast Program	10.553	N/A	1,511		1,551	
(B) (D) National School Lunch Program	10.555	N/A	11,467		11,467	
Total Nutrition Grant Cluster			12,978	9,283	13,018	8,556
Total U. S. Department of Agriculture			12,978	9,283	13,018	8,556
U. S. DEPARTMENT OF EDUCATION/ PASSED THROUGH - N/A:						
Pell Grants	84.063	N/A	35,288		35,288	
PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Adult Education - State Grant Program	84.002	051672-AB-S1-98C	0		18,382	
	84.002	051672-AB-S1-99	37,990		37,990	
Total Adult Education			37,990		56,572	
Vocational Education - Basic Grants to States	84.048	051672-20-A4-98	5,576		6,395	
	84.048	051672-20-C1-98	94,170		22,136	
	84.048	051672-20-C2-98	14,620		14,620	
	84.048	051672-20-C1-99	51,163		63,304	
	84.048	051672-20-C2-99	10,234		10,234	
	84.048	051672-20-A4-99	33,964		28,927	
Total Vocational Education			211,727		145,616	
Innovative Education Program Strategies - Chapter 2	84.298	051672-C2-S1-99	1,989		1,989	
PASSED THROUGH THE SPRINT UNITED TELEPHONE COMPANY						
E-Rate Telecommunications Grant	88.001		2,800		2,800	
PASSED THROUGH THE IMPACT NETWORK SOLUTIONS, INC.						
E-Rate Telecommunications Grant	88.001		3,165		683	
Total U.S. Department of Education			292,959	9,283	242,948	
U. S. DEPARTMENT OF LABOR/ PASSED THROUGH THE NORTHWEST OHIO PRIVATE INDUSTRY COUNCIL:						
Total Job Training	17.246		56,726		62,000	
Total U. S. Department of Labor			56,726		62,000	
Total Federal Financial Assistance			\$362,663	\$9,283	\$317,966	\$8,556

- (A) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (B) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) This schedule was prepared on the cash basis of accounting.
- (D) Included as part of "Nutrition Cluster" in determining major programs.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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

Board of Education
Vantage Joint Vocational School District
818 North Franklin St.
Van Wert, Ohio 45891

We have audited the general purpose financial statements of Vantage Joint Vocational School District as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated December 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and 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 Vantage Joint Vocational School 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-51672-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vantage Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 judgement, could adversely affect Vantage Joint Vocational School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-51672-001.

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 believe the reportable condition described above is not a material weakness. 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 Vantage Joint Vocational School District in a separate letter dated December 14, 1999.

This report is intended for the information and use of the management and Board of Education of Vantage Joint Vocational School District, Van Wert County, 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 14, 1999

TRIMBLE, JULIAN & GRUBE, INC.

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

Board of Education
Vantage Joint Vocational School District
818 North Franklin St.
Van Wert, Ohio 45891

Compliance

We have audited the compliance of Vantage Joint Vocational School 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 fiscal year ended June 30, 1999. Vantage Joint Vocational School 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 programs is the responsibility of Vantage Joint Vocational School District's management. Our responsibility is to express an opinion on Vantage Joint Vocational School 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, *Audit 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vantage Joint Vocational School 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 Vantage Joint Vocational School District's compliance with those requirements.

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

Internal Control Over Compliance

The management of Vantage Joint Vocational School 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 Vantage Joint Vocational School 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 of the management and the Board of Vantage Joint Vocational School District, 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.

Trimble, Julian & Grube, Inc

Trimble, Julian & Grube, Inc.
December 14, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT
VAN WERT COUNTY
JUNE 30, 1999

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

Finding Number	1999-51672-001
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Ohio Revised Code Section 5705.41 requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances in excess of appropriations in the following funds:

<u>Fund Type/ Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Public School Support	\$ 621	\$ 5,145	\$ 4,524
Adult Basic Education	76,855	99,041	22,186
Job Training Partnership Act	60,000	62,000	2,000
Vocational Education	89,973	144,779	54,806
 <u>Capital Projects Fund</u>			
IVDL Grant	0	15,222	15,222
 <u>Enterprise Funds</u>			
Food Services	117,945	122,734	4,789
Adult Education	460,415	536,553	76,138

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continued basis and making appropriation amendments as necessary.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VANTAGE JOINT VOCATIONAL SCHOOL DISTRICT

VAN WERT 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

Date: JAN 18 2000