



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT
MADISON COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED JUNE 30, 2001**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Central Ohio Joint Vocational School District
7877 US Highway 42 South
Plain City, Ohio 43064

We have audited the accompanying general purpose financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Joint Vocational School District, Madison County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

November 9, 2001

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**Central Ohio Joint Vocational School District
Madison County
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Capital	Fund Type	Fund Type	General	General	2001
		Revenue	Project	Enterprise	Agency	Fixed Assets	Long Term	(Memorandum)
								(Only)
Assets and Other Debits:								
Equity in Pooled Cash and Investments	\$ 18,431,501	65,710	562,450	60,465	19,712	0	0	\$ 19,139,838
Restricted Assets	30,261	0	0	0	0	0	0	30,261
Taxes Receivable	4,921,905	0	0	0	0	0	0	4,921,905
Interfund Receivables	51,632	0	0	0	0	0	0	51,632
Due from Other Funds	0	0	0	0	2,951	0	0	2,951
Intergovernmental Receivables	11,044	53,183	0	2,592	0	0	0	66,819
Accounts Receivable	291,102	0	0	8,806	0	0	0	299,908
Supply Inventory	51,583	0	0	843	0	0	0	52,426
Inventory for Resale	0	0	0	1,791	0	0	0	1,791
Property, Plant & Equipment	0	0	0	158,079	0	16,427,832	0	16,585,911
Accumulated Depreciation, where Applicable	0	0	0	(86,640)	0	0	0	(86,640)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	387,246	387,246
Total Assets and Other Debits	\$ 23,789,028	118,893	562,450	145,936	22,663	16,427,832	387,246	\$ 41,454,048

(Continued)

**Central Ohio Joint Vocational School District
Madison County
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2001**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Project	Fund Type	Fund Type	General	General	2001
				Enterprise	Agency	Fixed Assets	Long Term	(Memorandum Only)
Liabilities:								
Interfund Payables	\$ 0	51,632	0	0	0	0	0	\$ 51,632
Due to Other Funds	2,685	180	0	86	0	0	0	2,951
Intergovernmental Payables	70,116	4,712	0	4,431	10,431	0	0	89,690
Accounts Payable	21,691	42	0	618	2,297	0	0	24,648
Accrued Salaries and Benefits	506,840	34,313	0	15,933	0	0	0	557,086
Deferred Revenue	4,073,555	0	0	1,726	0	0	0	4,075,281
Due to Others	0	0	0	0	9,935	0	0	9,935
Leases Payable	0	0	0	0	0	0	26,032	26,032
Compensated Absences Payable	50,452	0	0	1,181	0	0	361,214	412,847
Total Liabilities	4,725,339	90,879	0	23,975	22,663	0	387,246	5,250,102
Fund Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	16,427,832	0	16,427,832
Contributed Capital	0	0	0	88,115	0	0	0	88,115
Retained Earnings	0	0	0	33,846	0	0	0	33,846
Fund Balances:								
Reserved for Supply Inventory	51,583	0	0	0	0	0	0	51,583
Reserved for Encumbrances	34,915	0	0	0	0	0	0	34,915
Reserved for Budget Stabilization	30,261	0	0	0	0	0	0	30,261
Reserved for Future Appropriation	848,350	0	0	0	0	0	0	848,350
Unreserved Fund Balance	18,098,580	28,014	562,450	0	0	0	0	18,689,044
Total Fund Balances	19,063,689	28,014	562,450	0	0	0	0	19,654,153
Total Fund Balances/Retained Earnings and Other	19,063,689	28,014	562,450	121,961	0	16,427,832	0	36,203,946
Total Liabilities, Fund Equity, and Other Credits	\$ 23,789,028	118,893	562,450	145,936	22,663	16,427,832	387,246	\$ 41,454,048

See Accompanying Notes to the General Purpose Financial Statements

**Central Ohio Joint Vocational School District
Madison County
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 2001**

	Governmental Fund Types			Totals 2001 (Memorandum (Only))
	General	Special Revenue	Capital Project	
REVENUES:				
Revenue from Local Sources:				
Taxes	\$ 5,470,880	0	0	\$ 5,470,880
Tuition	24,575	0	0	24,575
Transportation Fees	13,014	0	0	13,014
Earnings on Investments	1,106,939	0	(120)	1,106,819
Miscellaneous	51,992	0	0	51,992
Revenue from State Sources:				
Unrestricted Grants-in-Aid	2,549,116	0	0	2,549,116
Restricted Grants-in-Aid	0	124,485	0	124,485
Revenue from Federal Sources:				
Restricted Grants-in-Aid	0	263,290	0	263,290
Total Revenue	9,216,516	387,775	(120)	9,604,171
EXPENDITURES:				
Current:				
Instruction:				
Regular	459,412	0	0	459,412
Special	142,440	0	0	142,440
Vocational	2,791,771	226,562	0	3,018,333
Adult/Continuing Instruction	0	25,191	0	25,191
Supporting Services:				
Pupils	735,576	90,114	0	825,690
Instructional Staff	535,392	35,225	0	570,617
Board of Education	36,975	0	0	36,975
Administration	459,794	3,209	0	463,003
Fiscal Services	236,025	0	0	236,025
Business	9,336	0	0	9,336
Operation & Maintenance-Plant	787,734	0	0	787,734
Pupil Transportation	3,385	0	0	3,385
Central	106,436	814	0	107,250
Extracurricular-Occupation Oriented	11,050	0	0	11,050
Capital Outlay:				
Other Facility Acquisition & Construction	2,741	0	14	2,755
Total Expenditures	6,318,067	381,115	14	6,699,196
Excess of Revenues				
Over Expenditures	2,898,449	6,660	(134)	2,904,975
Other Financing Sources (Uses):				
Other Financing Sources:				
Other Sources	18,229	0	0	18,229
Other Financing Uses:				
Transfer-Out	(15,000)	0	0	(15,000)
Net Other Financing Sources (Uses)	3,229	0	0	3,229
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	2,901,678	6,660	(134)	2,908,204
Increase in Supply Inventory	9,993	0	0	9,993
Beginning Fund Balance	16,152,018	21,354	562,584	16,735,956
Ending Fund Balance	\$ 19,063,689	28,014	562,450	\$ 19,654,153

See Accompanying Notes to the General Purpose Financial Statements

Central Ohio Joint Vocational School District
Madison County
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types
Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 5,520,074	5,575,887	55,813	0	0	\$ 0
Tuition	21,000	24,575	3,575	0	0	0
Transportation Fees	9,000	9,844	844	0	0	0
Earnings on Investment	1,045,000	1,083,579	38,579	0	0	0
Miscellaneous	10,000	8,226	(1,774)	0	0	0
State Unrestricted Grants-in-Aid	2,518,100	2,549,115	31,015	0	0	0
State Restricted Grants-in-Aid	0	0	0	128,299	123,262	(5,037)
Federal Restricted Grants-in-Aid	0	0	0	276,677	259,780	(16,897)
Total Revenue	9,123,174	9,251,226	128,052	404,976	383,042	(21,934)
Expenditures:						
Regular Instruction	617,700	443,841	173,859	0	0	0
Special Instruction	261,699	147,404	114,295	0	0	0
Vocational Instruction	5,735,686	2,721,878	3,013,808	268,202	219,260	48,942
Adult/Continuing Instruction	0	0	0	26,853	24,503	2,350
Support Services-Pupils	10,191,765	728,257	9,463,508	93,968	90,071	3,897
Support Services-Instructional Staff	968,747	533,214	435,533	36,256	35,225	1,031
Support Services-Board of Education	214,000	39,957	174,043	0	0	0
Support Services-Administration	685,785	479,233	206,552	3,209	3,209	0
Fiscal Services	334,090	238,919	95,171	0	0	0
Support Services-Business	20,000	9,336	10,664	0	0	0
Operation & Maintenance-Plant	2,501,399	815,897	1,685,502	0	0	0
Support Services-Transportation	16,000	13,229	2,771	0	0	0
Support Services-Central	158,600	104,604	53,996	19,564	19,564	0
Occupation Oriented Activities	20,000	11,050	8,950	0	0	0
Site Acquisition	10,000	0	10,000	0	0	0
Site Improvement	100,000	0	100,000	0	0	0
Building Acquisition & Construction	548,985	35,139	513,846	0	0	0
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
Total Expenditures	22,384,456	6,321,958	16,062,498	459,052	391,832	67,220
Excess of Revenue Over (Under) Expenditures	(13,261,282)	2,929,268	16,190,550	(54,076)	(8,790)	45,286
Other Financing Sources (Uses):						
Advances-In	0	53,408	53,408	31,251	51,632	20,381
Refund of Prior Year Expenditures	0	22,867	22,867	0	0	0
Transfer-Out	(60,000)	(15,000)	45,000	0	0	0
Advances-Out	0	(51,632)	(51,632)	0	(53,408)	(53,408)
Total Other Sources (Uses)	(60,000)	9,643	69,643	31,251	(1,776)	(33,027)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund Balance	15,287,559	15,287,559	--	57,485	57,485	--
Prior Year Carry Over Encumbrances	98,811	98,811	--	18,750	18,750	--
Ending Fund Balance	\$ 2,065,088	18,325,281	16,260,193	53,410	65,669	\$ 12,259

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

Central Ohio Joint Vocational School District
Madison County
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types - Continued
Year Ended June 30, 2001

	Capital Project Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	5,520,074	5,575,887	\$ 55,813
Tuition	0	0	0	21,000	24,575	3,575
Transportation Fees	0	0	0	9,000	9,844	844
Earnings on Investment	6,000	6,215	215	1,051,000	1,089,794	38,794
Miscellaneous	0	0	0	10,000	8,226	(1,774)
State Unrestricted Grants-in-Aid	0	0	0	2,518,100	2,549,115	31,015
State Restricted Grants-in-Aid	0	0	0	128,299	123,262	(5,037)
Federal Restricted Grants-in-Aid	0	0	0	276,677	259,780	(16,897)
Total Revenue	6,000	6,215	215	9,534,150	9,640,483	106,333
Expenditures:						
Regular Instruction	0	0	0	617,700	443,841	173,859
Special Instruction	0	0	0	261,699	147,404	114,295
Vocational Instruction	0	0	0	6,003,888	2,941,138	3,062,750
Adult/Continuing Instruction	0	0	0	26,853	24,503	2,350
Support Services-Pupils	0	0	0	10,285,733	818,328	9,467,405
Support Services-Instructional Staff	0	0	0	1,005,003	568,439	436,564
Support Services-Board of Education	0	0	0	214,000	39,957	174,043
Support Services-Administration	0	0	0	688,994	482,442	206,552
Fiscal Services	0	0	0	334,090	238,919	95,171
Support Services-Business	0	0	0	20,000	9,336	10,664
Operation & Maintenance-Plant	0	0	0	2,501,399	815,897	1,685,502
Support Services-Transportation	0	0	0	16,000	13,229	2,771
Support Services-Central	0	0	0	178,164	124,168	53,996
Occupation Oriented Activities	0	0	0	20,000	11,050	8,950
Site Acquisition	0	0	0	10,000	0	10,000
Site Improvement	0	0	0	100,000	0	100,000
Building Acquisition & Construction	576,000	14	575,986	1,124,985	35,153	1,089,832
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
Total Expenditures	576,000	14	575,986	23,419,508	6,713,804	16,705,704
Excess of Revenue Over (Under) Expenditures	(570,000)	6,201	576,201	(13,885,358)	2,926,679	16,812,037
Other Financing Sources (Uses):						
Advances-In	0	0	0	31,251	105,040	73,789
Refund of Prior Years Expenditures	0	0	0	0	22,867	22,867
Transfer-Out	0	0	0	(60,000)	(15,000)	45,000
Advances-Out	0	0	0	0	(105,040)	(105,040)
Total Other Sources (Uses)	0	0	0	(28,749)	7,867	36,616
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(570,000)	6,201	576,201	(13,914,107)	2,934,546	16,848,653
Beginning Fund Balance	556,249	556,249	--	15,901,293	15,901,293	--
Prior Year Carry Over Encumbrances	0	0	--	117,561	117,561	--
Ending Fund Balance	\$ (13,751)	562,450	576,201	2,104,747	18,953,400	\$ 16,848,653

See Accompanying Notes to the General Purpose Financial Statements

Central Ohio Joint Vocational School District
Madison County
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type - Enterprise Funds
Year Ended June 30, 2001

	Enterprise Funds
Operating Revenues:	
Tuition	\$ 111,805
Food Service	119,097
Classroom Materials & Fees	15,667
Miscellaneous	<u>29,741</u>
Total Operating Revenue	<u>276,310</u>
Operating Expenses:	
Salary and Wages	188,543
Employee Benefits	40,875
Purchased Services	1,013
Supplies and Materials	123,832
Depreciation	<u>2,510</u>
Total Operating Expenses	<u>356,773</u>
Operating Loss	(80,463)
Non-Operating Revenues:	
Earnings on Investment	545
State Unrestricted Grants-In-Aid	50,018
State Restricted Grants-In-Aid	572
Federal Unrestricted Grants-In-Aid	13,383
Federal Restricted Grants-In-Aid	<u>3,140</u>
Total Non-Operating Revenues:	<u>67,658</u>
Net Income Before Operating Transfers	(12,805)
Operating Transfers-In	<u>15,000</u>
Total Operating Transfers	<u>15,000</u>
Net Income (Loss)	2,195
Beginning Retained Earnings	<u>31,651</u>
Retained Earnings at End of Year	<u>\$ 33,846</u>

See Accompanying Notes to the General Purpose Financial Statements

Central Ohio Joint Vocational School District
Madison County
Combined Statement of Cash Flows
Proprietary Fund Type - Enterprise Funds
Year Ended June 30, 2001

	Enterprise Funds
Cash Flows from Operating Activities	
Operating Loss	\$ (80,463)
Adjustments to Reconcile Operating Loss	
To Net Cash used in Operating Activities:	
Depreciation	2,510
Net (Increases) Decreases in Assets:	
Intergovernmental Receivables	(608)
Accounts Receivable	(3,057)
Inventory	3,317
Net Increases (Decreases) in Liabilities:	
Due to Other Funds	86
Intergovernmental Payables	(965)
Accounts Payable	518
Accrued Wages & Benefits	86
Compensated Absences	146
Net Adjustments	2,033
Net Cash Used in Operating Activities	(78,430)
Cash Flows from Noncapital Financing Activities:	
Earnings on Investments	545
Grants from State Sources	50,590
Grants from Federal Sources	13,383
Transfers from Other Funds	15,000
Net Cash Provided by Noncapital Financing Sources	79,518
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(1,134)
Net Increase (Decrease) in Cash & Cash Equivalents	(46)
Cash and Cash Equivalents at Beginning of Year	60,511
Cash and Cash Equivalents at End of Year	\$ 60,465

See Accompanying Notes to the General Purpose Financial Statements

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District has been supported by a 1.1 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program.

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

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

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

B. Fund Accounting

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Account Groups:

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

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

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

C. Measurement Focus/Basis of Accounting

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

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

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

D. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

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

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

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

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

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. All investment earnings accrue to the General Fund, the Capital Project Fund and the Enterprise Funds. Interest income credited to the general fund in fiscal year 2001 totaled \$1,106,939, which includes \$344,579 assigned from other funds.

F. Inventories

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

H. Fixed Assets

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets (Continued)

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Education Management Information System

E Rate

Non-Reimbursable Grants

Special Revenue Funds

Career Development

Teacher Development

Data Communication

Adult Basic Education

Vocational Education - Carl D. Perkins

Title VI

Miscellaneous Federal Grants

Proprietary Funds

Adult Education

Reimbursable Grants

General Fund

Vocational Education - Matching Funds

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 30.5% of the District's total revenue during the 2001 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001 the District had \$2,951 in due from/to other funds and \$51,632 in interfund receivables/payables.

K. Compensated Absences

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

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

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

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

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

All administrative personnel earn twenty days vacation leave annually.

L. Contributed Capital

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

M. Long-Term Obligations

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

N. Interfund Transactions

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

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

O. Fund Balance Reserves

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Memorandum Only - Total Columns

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

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.

2. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis), for all Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General Fund	Special Revenue	Capital Project
GAAP Basis	\$ 2,901,678	6,660	\$ (134)
Increase (Decrease):			
Due to Revenues:			
Net Adjustments to Revenue Accruals	92,756	46,899	6,335
Due to Expenditures:			
Net Adjustments to Expenditure Accruals	(10,668)	(64,083)	0
Due to Other	(44,855)	(42)	0
Budget Basis	\$ 2,938,911	(10,566)	\$ 6,201

3. CASH AND INVESTMENTS

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

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

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

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. CASH AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

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

Deposits: At year end, the carrying amount of the District's deposits was (\$103,585) and the bank balance was \$56,772. Of the bank balance, all was covered by Federal Depository Insurance.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. CASH AND INVESTMENTS (Continued)

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

	Category			Reported Amount	Fair Value
	1	2	3		
Federal Agencies	\$ 1,500,000	0	5,377,065	\$ 6,877,065	\$ 6,877,065
Certificates of Deposit	5,000,000	0	0	5,000,000	5,000,000
STAR Ohio	0	0	0	7,212,165	7,212,165
Repurchase Agreement	0	0	184,204	184,204	184,204
Total Investments				<u>\$19,273,434</u>	<u>\$19,273,434</u>

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

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

	Cash and Investments	Investments
GASB Statement No. 9	\$ 19,170,099	\$ 0
Investments:		
Federal Agencies	(6,877,065)	6,877,065
Certificates of Deposit	(5,000,000)	5,000,000
STAR Ohio	(7,212,165)	7,212,165
Repurchase Agreement	(184,204)	184,204
Cash on Hand	(250)	
GASB Statement No. 3	<u>\$ (103,585)</u>	<u>\$ 19,273,434</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. PROPERTY TAXES

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

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

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

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

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

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

The full tax rate for the fiscal year ended June 30, 2001, was \$1.10 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2000 taxes were collected were as follows:

Real Property	\$ 3,955,098,610
Personal Property	673,198,999
Total Assessed Value	<u><u>\$ 4,628,297,609</u></u>

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

5. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Transportation Fees	\$ 11,044
Special Revenue Funds:	
Career Development	15,846
CDP Grant	<u>37,337</u>
Total Special Revenue Funds	53,183
Proprietary Funds:	
Adult Education	<u>2,592</u>
Grand Total	<u><u>\$ 66,819</u></u>

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$93,242, \$87,356, and \$93,554 respectively; 92.86 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$8,826 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was 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, 2001, 2000, and 1999 were \$547,449, \$536,118, and \$585,413, respectively; 87.75 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$67,081 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

7. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$175,966 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$67,440.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

8. INTERFUND TRANSACTIONS

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 51,632	\$ 0
Special Revenue Funds	0	51,632
	\$ 51,632	\$ 51,632

Due from/to Other Funds:

	Due From	Due To
Agency Funds	\$ 2,951	\$ 0
General Fund	0	2,685
Special Revenue Funds	0	180
Enterprise Funds	0	86
	\$ 2,951	\$ 2,951

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

9. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2001.

10. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Furniture and Equipment	\$ 158,079
Less Accumulated Depreciation	<u>(86,640)</u>
Net Fixed Assets	<u><u>\$ 71,439</u></u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land and Improvements	\$ 150,000	0	0	\$ 150,000
Buildings	10,825,940	391,723	0	11,217,663
Furniture and Equipment	4,363,204	286,313	37,824	4,611,693
Vehicles	420,911	27,565	0	448,476
Total General Fixed Assets	<u><u>\$ 15,760,055</u></u>	<u><u>705,601</u></u>	<u><u>37,824</u></u>	<u><u>\$ 16,427,832</u></u>

The District had no construction in progress at June 30, 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. SEGMENTS INFORMATION FOR ENTERPRISE FUNDS

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education Fund	Total
Operating Revenues	\$ 119,098	15,666	141,546	\$ 276,310
Operating Expenses:				
Depreciation	2,510	0	0	2,510
Other	144,609	18,120	191,534	354,263
Total Operating Expenses	<u>147,119</u>	<u>18,120</u>	<u>191,534</u>	<u>356,773</u>
Operating Income (loss)	(28,021)	(2,454)	(49,988)	(80,463)
Non Operating Revenues and				
Grants	17,095	0	50,018	67,113
Earnings on Investments	545	0	0	545
Transfers In	15,000	0	0	15,000
Net Income (loss)	<u>\$ 4,619</u>	<u>(2,454)</u>	<u>30</u>	<u>\$ 2,195</u>
Net Working Capital	<u>\$ (1,884)</u>	<u>22,327</u>	<u>30,079</u>	<u>\$ 50,522</u>
Retained Earnings	<u>\$ (18,559)</u>	<u>22,326</u>	<u>30,079</u>	<u>\$ 33,846</u>
Contributed Capital Balance	<u>\$ 88,115</u>	<u>0</u>	<u>0</u>	<u>\$ 88,115</u>

12. CAPITAL LEASES

The District is making installment payments for three copiers purchased with an original cost of \$30,086. This equipment has been capitalized in the general fixed assets account group. This obligation for two of the copiers provides for interest at a rate of 8% with an outstanding balance of \$15,377 at June 30, 2001. The obligation for the third copier provides for interest at a rate of 12.5% with an outstanding balance of \$10,655 at June 20, 2001. The total amount of capital leases outstanding at June 30, 2001 is \$26,032.

Payment for the installment purchase obligations as of June 30, 2001, and related interest.

	Principal	Interest	Payment
FY2002	\$ 5,317	2,328	\$ 7,645
FY2003	5,860	1,785	7,645
FY2004	6,463	1,182	7,645
FY2005	7,131	514	7,645
FY2006	1,261	15	1,276
	<u>\$ 26,032</u>	<u>5,824</u>	<u>\$ 31,856</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

13. RISK MANAGEMENT

General Risk

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

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

The District maintains replacement cost insurance on buildings and contents in the amount of \$27,952,600. The District maintains fleet insurance in the amount of \$1,000,000 per accident. The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment.

Workers' Compensation-Public Entity Risk Pool

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

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

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

Health Insurance

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

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

15. SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

16. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 2000	\$ 0	\$ 0	\$ 144,455	\$ 144,455
Current Year Set-Aside Requirement	239,614	239,614		479,228
Non-Bureau of Worker's Compensation			(114,194)	(114,194)
Qualifying Disbursements	(239,614)	(239,614)	0	(479,228)
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,261</u>	<u>\$ 30,261</u>
Cash Balance Carried Forward to FY2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,261</u>	<u>\$ 0</u>
Amount Restricted for Budget Stabilization				<u>\$ 30,261</u>
Total Restricted Assets				<u>\$ 30,261</u>

17. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE.

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no material effect on fund balances as a result of implementing GASB 33.



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

Board of Education
Central Ohio Joint Vocational School District
Madison County
7877 US Highway 42 South
Plain City, Ohio 43064

We have audited the general purpose financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the "District") as of and for the year ended June 30, 2001, and have issued our report thereon dated November 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 9, 2001.

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

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

JIM PETRO
Auditor of State

November 9, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 20, 2001**