



**JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes In Fund Balances - All Governmental Fund Types	6
Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types	11
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) All Proprietary Fund Types	12
Combined Statement of Cash Flows - All Proprietary Fund Types	14
Notes to the General-Purpose Financial Statements	15
Schedule of Federal Awards Expenditures	42
Notes to Schedule of Federal Awards Expenditures	43
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	47
Schedule of Findings	49

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson County Joint Vocational School District
Jefferson County
1509 CH 22A
Bloomington, Ohio 43910

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Jefferson County Joint Vocational School District, Jefferson County, (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 Jefferson County Joint Vocational School District, Jefferson County, 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.

As further discussed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No.33.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 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 the audit.

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

Jim Petro
Auditor of State

November 16, 2001

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JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$426,031	\$57,088	\$90,824
Cash and Cash Equivalents With Fiscal Agents			
Receivables:			
Property and Other Taxes	1,889,291		142,243
Intergovernmental	13,325	50,649	39,248
Interfund	96,704		
Materials and Supplies Inventory	3,561		
Inventory Held for Resale			
Prepaid Items	48,486	1,910	
Restricted Assets:			
Equity in Pooled Cash and Cash Equivqlents	26,201		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			
Other Debits:			
Amount to be Provided from General Government Resources			
Total Assets and Other Debits	<u>\$2,503,599</u>	<u>\$109,647</u>	<u>\$272,315</u>
LIABILITIES FUND EQUITY AND OTHER CREDITS:			
Liabilities:			
Accounts Payable	\$10,208	\$395	
Accrued Wages and Benefits	266,812	23,961	
Compensated Absences Payable	8,829		
Interfund Payable		54,793	\$41,911
Intergovernmental Payable	48,021	4,045	
Deferred Revenue	1,326,615	50,649	139,025
Due to Students			
Loan Payable			
Claims Payable			
Long-Term Pension Liability			
Total Liabilities	<u>1,660,485</u>	<u>133,843</u>	<u>180,936</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Contributed Capital			
Retained Earnings:			
Unreserved (Deficit)			
Fund Balance:			
Reserved for Encumbrances	8,144	19,779	11,915
Reserved for Inventory	3,561		
Reserved for Property Taxes	562,676		42,466
Reserved for Textbooks and Instructional Materials	8,597		
Reserved for Budget Stabilization	17,604		
Unreserved:			
Designated	72,045		
Undesignated (Deficit)	170,487	(43,975)	36,998
Total Fund Equity (Deficit) and Other Credits	<u>843,114</u>	<u>(24,196)</u>	<u>91,379</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,503,599</u>	<u>\$109,647</u>	<u>\$272,315</u>

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

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$7,889		\$17,716			\$599,548
	\$141,194				141,194
					2,031,534
					103,222
					96,704
352					3,913
1,938					1,938
915					51,311
					26,201
11,329			7,683,767		7,695,096
				325,017	325,017
\$22,423	\$141,194	\$17,716	\$7,683,767	\$325,017	\$11,075,678
					\$10,603
\$3,744					294,517
2,112				\$266,912	277,853
					96,704
6,372					58,438
1,118					1,517,407
		\$17,716			17,716
				54,000	54,000
	\$63,089				63,089
				4,105	4,105
13,346	63,089	17,716		325,017	2,394,432
			7,683,767		7,683,767
117,690					117,690
(108,613)	78,105				(30,508)
					39,838
					3,561
					605,142
					8,597
					17,604
					72,045
					163,510
9,077	78,105		7,683,767		8,681,246
\$22,423	\$141,194	\$17,716	\$7,683,767	\$325,017	\$11,075,678

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:				
Property and Other Taxes	\$1,644,858		\$123,979	\$1,768,837
Intergovernmental	1,829,187	\$442,753	73,318	2,345,258
Interest	34,794			34,794
Tuition and Fees	73,510			73,510
Extracurricular Activities		7,676		7,676
Miscellaneous	91,057	58		91,115
Total Revenues	<u>3,673,406</u>	<u>450,487</u>	<u>197,297</u>	<u>4,321,190</u>
Expenditures:				
Current:				
Instruction:				
Regular	237,428			237,428
Special	115,032			115,032
Vocational	2,053,629	210,905	82,654	2,347,188
Support Services:				
Pupils	122,651	96,085		218,736
Instructional Staff	166,199	41,844		208,043
Board of Education	23,859			23,859
Administration	134,406	11,431		145,837
Fiscal	166,841		2,603	169,444
Operation and Maintenance of Plant	445,895	7,588	120,146	573,629
Pupil Transportation	698			698
Central		26,434		26,434
Debt Service:				
Principal Retirement			54,000	54,000
Interest and Fiscal Charges			4,341	4,341
Total Expenditures	<u>3,466,638</u>	<u>394,287</u>	<u>263,744</u>	<u>4,124,669</u>
Excess of Revenues Over(Under) Expenditures	<u>206,768</u>	<u>56,200</u>	<u>(66,447)</u>	<u>196,521</u>
Other Financing Sources (Uses):				
Gain on the Sale of Fixed Assets	199			199
Operating Transfers In		7,588	101,747	109,335
Operating Transfers Out	(135,727)			(135,727)
Total Other Financing Sources (Uses)	<u>(135,528)</u>	<u>7,588</u>	<u>101,747</u>	<u>(26,193)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	71,240	63,788	35,300	170,328
Fund Balances (Deficit) at Beginning of Year - Restated Note 3	777,437	(87,984)	56,079	745,532
Decrease in Reserve for Inventory	(5,563)			(5,563)
Fund Balances (Deficit) at End of Year	<u><u>\$843,114</u></u>	<u><u>(\$24,196)</u></u>	<u><u>\$91,379</u></u>	<u><u>\$910,297</u></u>

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

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**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Property and Other Taxes	\$1,624,290	\$1,628,428	\$4,138			
Intergovernmental	1,815,692	1,815,862	170	\$393,599	\$391,599	(\$2,000)
Interest	36,009	34,794	(1,215)			
Tuition and Fees	69,976	73,510	3,534			
Extracurricular Activities				7,676	7,676	
Miscellaneous	<u>91,500</u>	<u>92,410</u>	<u>910</u>		<u>58</u>	<u>58</u>
Total Revenues	<u>3,637,467</u>	<u>3,645,004</u>	<u>7,537</u>	<u>401,275</u>	<u>399,333</u>	<u>(1,942)</u>
Expenditures:						
Current:						
Instruction:						
Regular	238,405	232,123	6,282			
Special	113,515	114,139	(624)			
Vocational	2,085,781	2,071,285	14,496	232,043	201,196	30,847
Support Services:						
Pupils	122,931	121,192	1,739	101,964	95,680	6,284
Instructional Staff	173,926	172,008	1,918	60,560	52,748	7,812
Board of Education	27,690	24,191	3,499			
Administration	135,563	134,977	586	12,320	12,225	95
Fiscal	164,657	165,941	(1,284)			
Operation and Maintenance of Plant	489,425	460,905	28,520	7,588	7,588	
Pupil Transportation	719	698	21			
Central				34,433	32,434	1,999
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>3,552,612</u>	<u>3,497,459</u>	<u>55,153</u>	<u>448,908</u>	<u>401,871</u>	<u>47,037</u>
Excess of Revenues Over (Under) Expenditures	<u>84,855</u>	<u>147,545</u>	<u>62,690</u>	<u>(47,633)</u>	<u>(2,538)</u>	<u>45,095</u>
Other Financing Sources (Uses):						
Gain on the Sale of Fixed Assets	200	199	(1)			
Operating Transfers In	94,184		(94,184)	7,588	7,588	
Operating Transfers Out	(255,410)	(135,727)	119,683			
Advances In	78,398	78,398		53,955	54,793	838
Advances Out	<u>(143,852)</u>	<u>(94,041)</u>	<u>49,811</u>	<u>(51,154)</u>	<u>(51,154)</u>	
Total Other Financing Sources (Uses)	<u>(226,480)</u>	<u>(151,171)</u>	<u>75,309</u>	<u>10,389</u>	<u>11,227</u>	<u>838</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(141,625)</u>	<u>(3,626)</u>	<u>137,999</u>	<u>(37,244)</u>	<u>8,689</u>	<u>45,933</u>
Fund Balances at Beginning of Year	402,453	402,453		25,585	25,585	
Prior Year Encumbrances Appropriated	<u>37,794</u>	<u>37,794</u>		<u>2,640</u>	<u>2,640</u>	
Fund Balances at End of Year	<u>\$298,622</u>	<u>\$436,621</u>	<u>\$137,999</u>	<u>(\$9,019)</u>	<u>\$36,914</u>	<u>\$45,933</u>

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

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$122,916	\$122,561	(\$355)	\$1,747,206	\$1,750,989	\$3,783
			43,561	46,074	2,513	2,252,852	2,253,535	683
						36,009	34,794	(1,215)
						69,976	73,510	3,534
						7,676	7,676	
						91,500	92,468	968
			166,477	168,635	2,158	4,205,219	4,212,972	7,753
						238,405	232,123	6,282
						113,515	114,139	(624)
						2,317,824	2,272,481	45,343
						224,895	216,872	8,023
						234,486	224,756	9,730
						27,690	24,191	3,499
						147,883	147,202	681
						164,657	165,941	(1,284)
						497,013	468,493	28,520
						719	698	21
						34,433	32,434	1,999
			230,105	222,533	7,572	230,105	222,533	7,572
\$54,000	\$54,000					54,000	54,000	
4,352	4,341	\$11				4,352	4,341	11
58,352	58,341	11	230,105	222,533	7,572	4,289,977	4,180,204	109,773
(58,352)	(58,341)	11	(63,628)	(53,898)	9,730	(84,758)	32,768	117,526
						200	199	(1)
58,352	58,341	(11)	43,406	43,406		203,530	109,335	(94,195)
						(255,410)	(135,727)	119,683
			39,248	39,248		171,601	172,439	838
			(27,244)	(27,244)		(222,250)	(172,439)	49,811
58,352	58,341	(11)	55,410	55,410		(102,329)	(26,193)	76,136
			(8,218)	1,512	9,730	(187,087)	6,575	193,662
			69,514	69,514		497,552	497,552	
			7,883	7,883		48,317	48,317	
			\$69,179	\$78,909	\$9,730	\$358,782	\$552,444	\$193,662

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**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Tuition	\$9,009		\$9,009
Sales	62,595		62,595
Charges for Services		\$581,536	581,536
Total Revenues	71,604	581,536	653,140
Operating Expenses:			
Salaries and Wages	52,956		52,956
Fringe Benefits	22,910		22,910
Purchased Services	3,489	18,652	22,141
Materials and Supplies	9,884		9,884
Cost of Sales	38,849		38,849
Claims	0	555,322	555,322
Depreciation	1,302		1,302
Total Operating Expenses	129,390	573,974	703,364
Operating Income / (Loss)	(57,786)	7,562	(50,224)
Non-Operating Revenues :			
Federal Donated Commodities	3,996		3,996
Interest		6,536	6,536
Operating Grants	33,064		33,064
Total Non-Operating Revenues	37,060	6,536	43,596
Income / (Loss) Before Operating Transfers In	(20,726)	14,098	(6,628)
Operating Transfers In	26,392		26,392
Net Income	5,666	14,098	19,764
Retained Earnings (Deficit) at Beginning of Year	(114,279)	64,007	(50,272)
Retained Earnings (Deficit) at End of Year	(108,613)	78,105	(30,508)
Contributed Capital at Beginning of Year	114,101		114,101
Contributions During the Year:			
Other Funds	3,589		3,589
Contributed Capital at End of Year	117,690		117,690
Total Fund Equity at End of Year	\$9,077	\$78,105	\$87,182

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
JUNE 30, 2001**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition	\$6,739	\$9,009	\$2,270
Sales	64,696	62,595	(2,101)
Charges for Services			
Interest Income			
Operating Grants	33,065	33,064	(1)
Total Revenues	104,500	104,668	168
Expenses:			
Salaries and Wages	53,714	53,714	
Fringe Benefits	23,354	22,893	461
Purchased Services	3,489	3,489	
Materials and Supplies	48,734	45,464	3,270
Total Expenses	129,291	125,560	3,731
Excess of Revenues Under Expenses	(24,791)	(20,892)	3,899
Transfer In	26,392	26,392	
Excess of Revenues and Transfers In Over Expenses	1,601	5,500	3,899
Fund Equity at Beginning of Year	2,389	2,389	
Fund Equity at End of Year	\$3,990	\$7,889	\$3,899

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

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$6,739	\$9,009	\$2,270
			64,696	62,595	(2,101)
\$581,536	\$581,536		581,536	581,536	
6,536	6,536		6,536	6,536	
			33,065	33,064	(1)
588,072	588,072		692,572	692,740	168
			53,714	53,714	
564,090	564,019	\$71	587,444	586,912	532
18,652	18,652		22,141	22,141	
			48,734	45,464	3,270
582,742	582,671	71	712,033	708,231	3,802
5,330	5,401	71	(19,461)	(15,491)	3,970
			26,392	26,392	
5,330	5,401	71	6,931	10,901	3,970
135,793	135,793		138,182	138,182	
\$141,123	\$141,194	\$71	\$145,113	\$149,083	\$3,970

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise	Internal Service	Total (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$62,595		\$62,595
Cash Received from Tuition	9,009		9,009
Cash Received from Quasi-External Transactions with Other Funds		\$581,536	581,536
Cash Payments to Suppliers for Goods and Services	(48,953)	(18,652)	(67,605)
Cash Payments to Employees for Services	(53,714)		(53,714)
Cash Payments for Employee Benefits	(22,893)		(22,893)
Cash Payments for Claims		(564,019)	(564,019)
Net Cash Used for Operating Activities	(53,956)	(1,135)	(55,091)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	33,064		33,064
Transfer In	26,392		26,392
Net Cash Provided by Noncapital Financing Activities	59,456		59,456
Cash Flows from Investing Activities:			
Interest on Investments		6,536	6,536
Net Cash Provided by Investing Activities		6,536	6,536
Net Increase (Decrease) in Cash and Cash Equivalents	5,500	5,401	10,901
Cash and Cash Equivalents at Beginning of Year	2,389	135,793	138,182
Cash and Cash Equivalents at End of Year	7,889	141,194	149,083
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(57,786)	7,562	(50,224)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:			
Depreciation	1,302		1,302
Donated Commodities Used During Year	3,996		3,996
Changes in Assets and Liabilities:			
Increase in Prepaid Items	(61)		(61)
Decrease in Inventory Held for Resale	932		932
Increase in Materials and Supplies Inventory	(108)		(108)
Decrease in Accounts Payable	(901)		(901)
Decrease in Accrued Wages	(758)		(758)
Decrease in Compensated Absences Payable	(480)		(480)
Increase in Intergovernmental Payable	558		558
Decrease in Claims Payable			
Decrease in Deferred Revenue	(650)		(650)
Total Adjustments	3,830		3,830
Net Cash Used for Operating Activities	(\$53,956)	\$7,562	(\$46,394)

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

1. DESCRIPTION OF THE ENTITY

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

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

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

Ground breaking occurred on January 26, 1974. In September 1975, the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the District is staffed by 20 non-certificated employees and 45 certificated personnel who provide services to 348 students and other community members.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the school district are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the school district. For the Jefferson County Joint Vocational School District, this includes general operations, food service, adult education and student related activities of the School District.

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. Together with all related liabilities and residual equities or balances. And changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is 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.

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

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

Debt Service Fund

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

2. Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Fund

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

3. Fiduciary Fund Types:

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

4. Account Groups:

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and 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. The enterprise funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. The School District budgets for advances.

1. Tax Budget:

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Estimated Resources:

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

3. Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, including the Debt Service fund, consistent with statutory provisions.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances:

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

5. Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2001, investments were limited to STAR Ohio and repurchase agreements.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. 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.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the School District treasury.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$34,794, which includes \$404 assigned from other funds and \$6,536 was credited to the self insurance internal service fund.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. During the fiscal year the School District had no investments that met this criteria.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

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

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

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was an increase of \$3,589 in contributed capital during this fiscal year.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

P. Total Columns on General Purpose Financial Statements

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

3. PRIOR PERIOD RESTATEMENTS

Changes in Accounting Principles

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balances at June 30, 2000. For fiscal year 2001, certain adjustments have resulted in fund equity restatements. This restatement had the following effect on fund balances at June 30, 2000:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Fund Balance at June 30, 2000	\$808,420	(\$36,830)	\$80,674
Implementation of GASB 33	<u>(30,983)</u>	<u>(51,154)</u>	<u>(24,595)</u>
Adjusted Fund Balance at June	<u>\$777,437</u>	<u>(\$87,984)</u>	<u>\$56,079</u>

The decrease in fund balance for the General Fund and the Special Revenue Fund is due to advances made during fiscal year 2000 to the grant funds for which the final grant payment was less than the advance made by the General Fund resulting in no return payment of the overage and the implementation of GASB 33. The decrease in the Capital Projects Fund resulted from the implementation of GASB 33.

4. ACCOUNTABILITY

Fund Deficits:

At June 30, 2001, the following funds had deficit fund balances:

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

4. ACCOUNTABILITY (Continued)

	Deficit Fund Balance
Special Revenue Funds:	
Career Education	\$6,449
Perkins Grant	42,932
Capital Projects Fund:	
Vocational Education Equipment	39,248
Enterprise Fund:	
Food Service	2,428

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

5. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

6. Principal and interest payments on notes and the corresponding revenues are reported in a debt service fund (budget basis) rather than in the fund that received the proceeds (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$71,240	\$63,788	\$0	\$35,300
Revenue Accruals	(28,402)	(51,154)	0	(28,662)
Expenditure Accruals	(14,850)	12,468	0	(5,215)
Prepaid Items	(360)	122	0	0
Material and Supplies Inventory				
Advances	(15,643)	3,639	0	12,004
Principal Payment	0	0	(54,000)	54,000
Interest and Fiscal Charges	0	0	(4,341)	4,341
Reallocation of Revenue			58,341	(58,341)
Encumbrances	<u>(15,611)</u>	<u>(20,174)</u>	<u>0</u>	<u>(11,915)</u>
Budget Basis	<u><u>(\$3,626)</u></u>	<u><u>\$8,689</u></u>	<u><u>\$0</u></u>	<u><u>\$1,512</u></u>

**Net Income/ Excess of Revenues and
Operating Transfers In Over Expenses
Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	\$5,666	\$14,098
Expense Accrual	(1,392)	(8,697)
Prepaid Items	(61)	0
Materials and Supplies Inventory	(108)	0
Inventory Held for Resale	93	0
Depreciation Expense	1,302	0
Encumbrances	<u>0</u>	<u>0</u>
Budget Basis	<u><u>\$5,500</u></u>	<u><u>\$5,401</u></u>

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

6. CASH AND CASH EQUIVALENTS (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

At June 30, 2001, the School District's self-insurance internal service fund had a cash balance of \$141,194 with OME-RESA, a claims servicing pool (See Note 18). The money is held by the claims service in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, Ohio 43952.

Cash on Hand: At fiscal year end, the School District had \$493 in undeposited cash on hand which is included on the Balance Sheet of the School District as part of Cash and Cash Equivalents.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$174,490) and the bank balance was \$83,445. The bank balance was covered by federal depository insurance and was considered insured and collateralized as securities were held by the pledging financial institutions trust department in the School Districts name and all State statutory requirements for the deposit of money had been followed. Failure to comply with federal guidelines would not subject the district to a successful claim by the FDIC.

Investments: The School Districts investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

6. CASH AND CASH EQUIVALENTS (Continued)

by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Unclassified	Fair Value
Repurchase Agreement	\$632,224	\$632,224	\$632,224
STAR Ohio	<u>0</u>	<u>168,015</u>	<u>168,015</u>
Total	<u>\$632,224</u>	<u>\$800,239</u>	<u>\$800,239</u>

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

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

	Cash and Cash Equivalents	Deposits	Investments
GASB Statement 9		\$625,749	\$0
Investments:			
Repurchase agreements		(632,224)	632,224
STAR Ohio		<u>(168,015)</u>	<u>168,015</u>
GASB Statement 3		<u>(\$174,490)</u>	<u>\$800,239</u>

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

Real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

7. PROPERTY TAXES (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential				
And Other Real Estate	\$576,107,630	50.80%	\$705,508,360	55.44%
Public Utility Personal	416,032,490	36.68%	413,251,040	32.47%
Tangible Personal Property	142,000,742	12.52%	153,888,685	12.09%
	<u>\$1,134,140,862</u>	<u>100.00%</u>	<u>\$1,272,648,085</u>	<u>100.00%</u>

Tax rate per \$1,000 of
assessed valuation

\$1.50

\$1.50

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Jefferson, Harrison, Carroll and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

7. PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance, at June 30, 2001 was \$605,142 and is recognized as revenue. \$562,676 was available to the general fund and \$42,466 was available to the capital project fund. At June 30, 2000, the amount available as an advance was \$587,294. \$546,246 was available to the general fund and \$41,048 was available to the capital projects fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	\$13,325
Special Revenue Funds:	
Career Development	6,450
Perkins	<u>44,199</u>
Total Special Revenue Funds	50,649
Capital Projects Fund:	
Vocational Education	<u>39,248</u>
Total Intergovernmental Receivables	<u>\$103,222</u>

9. FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$123,675
Less Accumulated Depreciation	<u>(112,346)</u>
Net Fixed Assets	<u>\$11,329</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

9. FIXED ASSETS (Continued)

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$146,786	\$0	\$0	\$146,786
Buildings and Improvements	4,519,953	72,802	0	4,592,755
Furniture, Fixtures and Equipment	2,786,689	120,795	(13,852)	2,893,632
Vehicles	<u>50,594</u>	<u>0</u>	<u>0</u>	<u>50,594</u>
Totals	<u>\$7,504,022</u>	<u>\$193,597</u>	<u>(\$13,852)</u>	<u>\$7,683,767</u>

There was no significant construction in progress at June 30, 2001. The School District does not include textbooks or library books in fixed assets.

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Nationwide for fleet, Wausau Insurance Company for liability insurance, and Indiana Insurance Company for property insurance. Coverages provided by Nationwide Insurance and Indiana Insurance Company for property insurance are as follows:

A. Property and Liability

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

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

10. RISK MANAGEMENT (Continued)

B. Worker's Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. Provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a self insurance internal service fund. The School District is a member of a claims servicing pool, Ohio Mid Eastern Region Educational Service Agency in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$63,089 reported in the internal service fund at June 30, 2001 as based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the year are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	\$211,820	\$161,821	\$301,855	\$71,786
2001	\$71,786	\$555,322	\$564,019	\$63,089

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$19,060, \$18,645 and \$26,257 respectively; 97.8 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$426 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 Jefferson County Joint Vocational School District participates in the School 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.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$239,274, \$110,028 and \$95,655, respectively; 88.71 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$27,045 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

12. POST-EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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. For the School District, this amount equaled \$113,340 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 billion. 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 fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 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 School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$48,479.

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.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

13. OTHER EMPLOYEE BENEFITS

Compensated Absences:

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

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long term obligations account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned. The amount of compensated absences outstanding at June 30, 2001 is \$277,853.

14. LONG TERM LIABILITIES

Changes in the School District's general long-term obligations during fiscal year 2001 consist of the following:

	Outstanding 6/30/00	Additions	Reductions	Outstanding 6/30/01
Cosmetology Lab Renovation Loan 4.54%	\$108,000	\$0	\$54,000	\$54,000
Compensated Absences	264,625	346,666	344,379	266,912
Pension Obligation	<u>2,617</u>	<u>4,105</u>	<u>2,617</u>	<u>4,105</u>
Total	\$375,242	\$350,771	\$400,996	\$325,017

The capital project fund loan is for a period of two years. The loan is backed by the full faith and credit of the Jefferson County Joint Vocational School District and is reflected as a liability in the general long term obligation account group. Proceeds were recorded in the capital projects fund.

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

The amount of principal and interest requirements to retire general obligation debt outstanding at June 30, 2001 is \$55,866 including interest of \$1,866.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

15. INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	<u>\$96,704</u>	<u>\$0</u>
Special Revenue Funds:		
Perkins	0	44,551
Career Education	0	6,450
Continuous Improvement	<u>0</u>	<u>3,792</u>
Total Special Revenue Funds	0	54,793
Capital Projects Funds:		
Vocational Education Equipment	0	39,248
Permanent Improvement	<u>0</u>	<u>2,663</u>
Total Capital Projects Funds	<u>0</u>	<u>41,911</u>
Total All Funds	<u>\$96,704</u>	<u>\$96,704</u>

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three Enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the Jefferson County Joint Vocational School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenue	\$57,235	\$5,360	\$9,009	\$71,604
Depreciation	1,254	0	48	1,302
Operating Loss	(49,395)	3,286	(11,677)	(57,786)
Donated Commodities	3,996	0	0	3,996
Operating Grants	31,883	0	1,181	33,064
Transfers-In	15,290	581	10,521	26,392
Net Income	1,774	3,867	25	5,666
Net Working Capital	(7,941)	3,867	1,822	(2,252)
Total Assets	15,663	3,867	2,893	22,423
Total Equity	2,935	3,867	2,275	9,077
Encumbrances at June 30,	0	0	0	0

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

17. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

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

18. INSURANCE PURCHASING POOL

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

19. STATE 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 November 6, 2001, 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.

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

19. STATE SCHOOL FUNDING DECISION (Continued)

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.

20. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Amended Substitute Senate Bill 345, the requirement for a school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside. The Board enacted a resolution to leave all monies, \$89,649 in the reserve account which includes the Bureau of Workers Compensation amount of \$17,604. The workers compensation amount is reflected as restricted assets and reserved for budget stabilization with the remainder of \$72,045 reflected as designated fund balance.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2000	\$26,073	\$0	\$79,327
Current year set-aside requirement	83,862	83,862	10,322
Reduction in Budget Stabilization based on			
Offsets	0	0	0
Qualifying Disbursements	<u>(101,338)</u>	<u>(127,964)</u>	<u>0</u>
Totals	<u>\$8,597</u>	<u>(\$44,102)</u>	<u>\$89,649</u>
Set-aside Balance Carried Forward to			
Future Fiscal Years	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$8,597</u>	<u>\$0</u>	<u>\$17,604</u>

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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

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

The School District did not have qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$26,201.

21. CONTINGENCIES

A. Grants

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

B. Litigation

The School District is not party to any legal proceedings.

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	04-PU-99	10.555	\$29,091		\$29,091	
Food Distribution	03-PU-99	10.550		3,347		3,996
Total U.S. Department of Agriculture - Nutrition Cluster			<u>29,091</u>	<u>3,347</u>	<u>29,091</u>	<u>3,996</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Vocational Education Basic Grants to States	CPII-S00 CPII-S01 CPII-S02	84.048	44,913 250,459		15,500 267,215 80	
Total Vocational Education			<u>295,372</u>		<u>282,795</u>	
Title II Dwight D. Eisenhower Professional Development Program	MS-S1-00 MS-S1-01	84.281	769		349 250	
Total Title II			<u>769</u>		<u>599</u>	
Title VI Innovative Education Program	C2-S1-00 C2-S1-01	84.298	1,316 321			
Total VI Innovative Education Program			<u>1,637</u>			
Total Department of Education			<u>297,778</u>		<u>283,394</u>	
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot Program		17.249			5,952	
Total Federal Awards Expenditures			<u>\$326,869</u>	<u>\$3,347</u>	<u>\$318,437</u>	<u>\$3,996</u>

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

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Jefferson County Joint Vocational School District
Jefferson County
1509 CH 22A
Bloomington, Ohio 43910

To the Board of Education:

We have audited the financial statements of Jefferson County Joint Vocational School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001, which reflects a change in accounting principle. 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 Jefferson County 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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

Jim Petro
Auditor of State

November 16, 2000



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

Jefferson County Joint Vocational School District
Jefferson County
1509 CH 22A
Bloomington, Ohio 43910

To the Board of Education:

Compliance

We have audited the compliance of Jefferson County Joint Vocational School District, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. Jefferson County 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 program is the responsibility of the District's management. Our responsibility is to express an opinion on Jefferson County Joint Vocational School District's compliance based on our audit.

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

In our opinion, Jefferson County 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 year ended June 30, 2001.

Internal Control Over Compliance

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

Jim Petro
Auditor of State

November 16, 2001

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**