

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, OH 44677

We have reviewed the Independent Auditor's Report of the Wayne County Joint Vocational School District, Wayne County, prepared by Knox & Knox, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 22, 2001

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, Ohio 44677

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts,

and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

KNOX & KNOX

Orrville, Ohio
December 27, 2000

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**Wayne County Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
<u>Assets:</u>				
Equity in Poded Cash Equivalents	\$1,491,405	\$413,789	\$ 0	\$287,313
Receivables:				
Taxes	4,133,355	0	0	0
Accounts	1,554	0	0	0
Intergovernmental	633	52,309	0	0
Accrued Interest	12,185	0	0	0
Interfund Receivable	228,299	0	0	0
Materials and Supplies				
Inventory	55,263	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	185,146	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from				
General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$6,107,840</u>	<u>\$466,098</u>	<u>\$ 0</u>	<u>\$287,313</u>
 Liabilities, Fund Equity and Other Credits				
<u>Liabilities:</u>				
Accounts Payable	\$ 49,438	\$8,835	\$ 0	\$0
Accrued Wages	406,812	38,653	0	0
Compensated Absences Payable	9,752	0	0	0
Interfund Payable	0	228,299	0	0
Intergovernmental Payable	79,109	7,816	0	0
Deferred Revenue	4,053,025	0	0	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	<u>4,598,136</u>	<u>283,603</u>	<u>0</u>	<u>0</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	103,315	67,590	0	0
Reserved for Inventory	55,263	0	0	0
Reserved for Property Taxes	80,330	0	0	0
Reserved Budget Stabilization	185,146	0	0	0
Unreserved:				
Undesignated	<u>1,085,650</u>	<u>114,905</u>	<u>0</u>	<u>287,313</u>
Total Fund Equity and Other Credits	<u>1,509,704</u>	<u>182,495</u>	<u>0</u>	<u>287,313</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,107,840</u>	<u>\$466,098</u>	<u>\$ 0</u>	<u>\$ 287,313</u>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
		General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
Enterprise	Agency			
\$497,242	\$40,377	\$ 0	\$ 0	\$2,730,126
0	0	0	0	4,133,355
325,931	0	0	0	327,485
16,342	0	0	0	69,284
0	0	0	0	12,185
0	0	0	0	228,299
30,934	0	0	0	86,197
0	0	0	0	185,146
126,570	0	10,072,422	0	10,198,992
0	0	0	449,410	449,410
<u>\$ 997,019</u>	<u>\$ 40,377</u>	<u>\$10,072,422</u>	<u>\$449,410</u>	<u>\$ 18,420,479</u>
\$16,841	\$ 875	\$ 0	\$ 0	\$75,989
38,778	0	0	0	484,243
25,026	0	0	165,368	200,146
0	0	0	0	228,299
14,184	0	0	15,457	116,566
2,745	0	0	0	4,055,770
0	7,821	0	0	7,821
0	31,681	0	0	31,681
0	0	0	234,260	234,260
0	0	0	34,325	34,325
<u>97,574</u>	<u>40,377</u>	<u>0</u>	<u>449,410</u>	<u>5,469,100</u>
0	0	10,072,422	0	10,072,422
899,445	0	0	0	899,445
0	0	0	0	170,905
0	0	0	0	55,263
0	0	0	0	80,330
0	0	0	0	185,146
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,487,868</u>
<u>899,445</u>	<u>0</u>	<u>10,072,422</u>	<u>0</u>	<u>12,951,379</u>
<u>\$997,019</u>	<u>\$40,377</u>	<u>\$10,072,422</u>	<u>\$449,410</u>	<u>\$ 18,420,479</u>

**Wayne County Joint Vocational School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Property and Other Taxes	\$4,117,193	\$ 0	\$0	\$0
Intergovernmental	3,845,299	1,263,678	0	0
Interest	163,959	0	0	0
Tuition and Fees	0	66,267	0	0
Rent	7,600	0	0	0
Gifts and Donations	0	37,116	0	0
Customer Service	127,807	11,021	0	0
Miscellaneous	<u>502</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>8,262,360</u>	<u>1,378,082</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	974,972	33,575	0	0
Special	0	25,210	0	0
Vocational	4,042,597	274,302	0	0
Adult/Continuing	0	314,103	0	0
Support Services:				
Pupils	295,559	213,858	0	0
Instructional Staff	516,509	113,575	0	0
Board of Education	15,456	0	0	0
Administration	737,478	82,440	0	0
Fiscal	307,833	6,318	0	0
Operation and Maintenance of Plant	934,092	19,170	0	173
Pupil Transportation	31,040	5,872	0	0
Central	0	88,622	0	0
Operation of Non-Instructional Services	0	129,542	0	0
Debt Service:				
Principal Retirement	0	25,100	52,591	0
Interest and Fiscal Charges	0	3,845	10,118	0
Intergovernmental	<u>0</u>	<u>53,063</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>7,855,536</u>	<u>1,388,595</u>	<u>62,709</u>	<u>173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>406,824</u>	<u>(10,513)</u>	<u>(62,709)</u>	<u>(173)</u>
Other Financing Sources (Uses):				
Operating- Transfers In	0	9,976	62,709	0
Operating- Transfers Out	(82,685)	0	0	0
Other Financing Sources	<u>0</u>	<u>528</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(82,685)</u>	<u>10,504</u>	<u>62,709</u>	<u>0</u>
Excess (Deficiency,) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	324,139	(9)	0	(173)
Fund Balances at Beginning of Year	1,189,132	182,504	0	287,486
Decrease in Reserve for Inventory	<u>(3,567)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,509,704</u>	<u>\$182,495</u>	<u>0</u>	<u>\$287,313</u>

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

Totals
(Memorandum
Oniv)

\$4,117,193
5,108,977
163,959
66,267
7,600
37,116
138,828
502

9,640,442

1,008,547

25,210
4,316,899
314,103

509,417
630,084
15,456
819,918
314,151

953,435
36,912
88,622
129,542

77,691
13,963
53,063

9,307,013

333,429

72,685
(82,685)
528

(9,472)

323,957
1,659,122

(3,567)

\$1,979,512

**Wayne County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$3,685,000	\$3,902,245	\$217,245
Interest	105,000	158,516	53,516
Tuition and Fees	0	0	0
Rent	0	7,330	7,330
Gifts and Donations	0	0	0
Customer Services	25,000	126,904	101,904
Property and Other Local Taxes	4,040,000	4,113,490	73,490
Miscellaneous	70,000	1,159	(68,841)
Total Revenues	<u>7,925,000</u>	<u>8,309,644</u>	<u>384,644</u>
Expenditures			
Current:			
Instruction:			
Regular	1,038,500	1,021,597	16,903
Special	0	0	0
Vocational	4,253,453	4,145,013	108,440
Adult/Continuing	0	0	0
Support services:			
Pupils	321,604	288,676	32,928
Instructional Staff	608,210	545,229	62,981
Board of Education	23,640	19,960	3,680
Administration	783,926	741,218	42,708
Fiscal	311,272	307,209	4,063
Operation and Maintenance of Plant	1,033,542	986,677	46,865
Pupil Transportation	36,205	32,192	4,013
Central	0	0	0
Non-Instructional Services	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Intergovernmental	0	0	0
Total Expenditures	<u>8,410,352</u>	<u>8,087,771</u>	<u>322,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(485,352)</u>	<u>221,873</u>	<u>707,225</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Advances In	10,000	284,867	274,867
Other Financing Sources	0	0	0
Operating Transfers Out	(98,000)	(82,685)	15,315
Refund of Prior Year Receipts	0	0	0
Advances Out	0	(228,298)	(228,298)
Total Other Financing Sources (Uses)	<u>(88,000)</u>	<u>(26,116)</u>	<u>61,884</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(573,352)</u>	<u>195,757</u>	<u>769,109</u>
Fund Balances at Beginning of Year	1,201,673	1,201,673	0
Prior Year Encumbrances Appropriated	<u>138,352</u>	<u>138,352</u>	<u>0</u>
Fund Balance at End of Year	<u>\$766,673</u>	<u>\$1,535,782</u>	<u>\$769,109</u>

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

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,532,938	\$1,337,550	(\$195,388)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	66,267	66,267	0	0	0
0	0	0	0	0	0
0	37,116	37,116	0	0	0
75,000	11,021	(63,979)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,607,938</u>	<u>1,451,954</u>	<u>(155,984)</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,538	30,577	(29,039)	0	0	0
340	26,870	(26,530)	0	0	0
306,105	332,836	(26,731)	0	0	0
359,876	311,387	48,489	0	0	0
233,296	240,754	(7,458)	0	0	0
303,212	121,601	181,611	0	0	0
0	0	0	0	0	0
106,583	85,742	20,841	0	0	0
7,448	6,319	1,129	0	0	0
29,355	27,486	1,869	0	0	0
3,274	5,738	(2,464)	0	0	0
101,664	99,455	2,209	0	0	0
139,351	130,187	9,164	0	0	0
0	0	0	0	0	0
0	0	0	52,591	52,591	0
0	0	0	10,118	10,118	0
61,119	61,119	0	0	0	0
<u>1,653,161</u>	<u>1,480,071</u>	<u>173,090</u>	<u>62,709</u>	<u>62,709</u>	<u>0</u>
<u>(45,223)</u>	<u>(28, 117)</u>	<u>17,106</u>	<u>(62,709)</u>	<u>(62,709)</u>	<u>0</u>
9,976	9,976	0	62,709	62,709	0
0	228,298	228,298	0	0	0
0	528	528	0	0	0
0	0	0	0	0	0
(1,436)	(1,436)	0	0	0	0
0	(284,867)	(284,867)	0	0	0
<u>8,540</u>	<u>(47,501)</u>	<u>(56,041)</u>	<u>62,709</u>	<u>62,709</u>	<u>0</u>
(36,683)	(75,618)	(38,935)	0	0	0
369,541	369,541	0	0	0	0
45,336	45,336	0	0	0	0
<u>\$ 378,194</u>	<u>\$ 339,259</u>	<u>\$ (38,935)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Wayne County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	<u>Capital Projects</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$0	\$0	\$ 0
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Property and Other Local Taxes	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	50,000	173	49,827
Pupil Transportation	0	0	0
Non-instructional Services	0	0	0
Capital Outlay	225,000	0	225,000
Debt Service:			
Principal Retirement	0	0	0
Interest and Financial Charges	0	0	0
Inter-Governmental	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>275,000</u>	<u>173</u>	<u>274,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(275,000)</u>	<u>(173)</u>	<u>274,827</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	0	0
Advances In	0	0	0
Other Financing Sources	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(275,000)</u>	<u>(173)</u>	<u>274,827</u>
Fund Balances at Beginning of Year	287,486	287,486	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,486</u>	<u>\$ 287,313</u>	<u>\$ 274,827</u>

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,217,938	\$5,239,795	\$21,857
105,000	158,516	53,516
0	66,267	66,267
0	7,330	7,330
0	37,116	37,116
100,000	137,925	37,925
4,040,000	4,113,490	73,490
<u>70,000</u>	<u>1,159</u>	<u>(68,841)</u>
<u>9,532,938</u>	<u>9,761,598</u>	<u>228,660</u>
1,040,038	1,052,174	(12,136)
340	26,870	(26,530)
4,559,558	4,477,849	81,709
359,876	311,387	48,489
554,900	529,430	25,470
911,422	666,830	244,592
23,640	19,960	3,680
890,509	826,960	63,549
318,720	313,528	5,192
1,112,897	1,014,336	98,561
39,479	37,930	1,549
101,664	99,455	2,209
139,351	130,187	9,164
225,000	0	225,000
52,591	52,591	0
10,118	10,118	0
<u>61,119</u>	<u>61,119</u>	<u>0</u>
<u>10,401,222</u>	<u>9,630,724</u>	<u>770,498</u>
<u>(868,284)</u>	<u>130,874</u>	<u>999,158</u>
72,685	72,685	0
10,000	513,165	503,165
0	528	528
(98,000)	(82,685)	15,315
(1,436)	(1,436)	0
<u>0</u>	<u>(513,165)</u>	<u>(513,165)</u>
<u>(16,751)</u>	<u>(10,908)</u>	<u>5,843</u>
(885,035)	119,966	1,005,001
1,858,700	1,858,700	0
<u>183,688</u>	<u>183,688</u>	<u>0</u>
<u>\$1,157,353</u>	<u>\$2,162,354</u>	<u>\$1,005,001</u>

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**Wayne County Joint Vocational School District
 Combined Statement of Revenues,
 Expenses and Chances in Fund Equity
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Type
	<u>Enterprise</u>
<u>Operating Revenues:</u>	
Tuition	\$692,682
Sales	270,430
Charges for Services	<u>526,978</u>
Total Operating Revenue	<u>1,490,090</u>
<u>Operating Expenses:</u>	
Salaries	844,682
Fringe Benefits	206,951
Purchased Services	303,420
Materials and Supplies	245,125
Cost of Sales	117,849
Depreciation	19,085
Capital Outlay	8,471
Other Operating Expenses	<u>1,800</u>
Total Operating Expenses	<u>1,747,383</u>
Operating (Loss)	<u>(257,293)</u>
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	14,065
Interest	688
Federal and Istate Subsidies	<u>520,356</u>
Total Non-Operating Revenues	<u>535,109</u>
Income Before Operating Transfers	277,816
Operating Transfers In	<u>10,000</u>
Net Income	287,816
Retained Earnings at Beginning of Year	<u>611,629</u>
Retained Earnings at End of Year	<u><u>\$899,445</u></u>

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

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**Wayne County Joint Vocational School District
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Type
	<u>Enterprise</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$813,032
Cash Received from Tuition Payments	545,705
Cash Payments to Suppliers for Goods and Services	(654,637)
Cash Payments to Employees for Services	(851,677)
Cash Payments for Employee Benefits	(203,468)
Other Operating Expenses	<u>(1,800)</u>
Net Cash (Used for) Operating Activities	<u>(352,845)</u>
Operating Transfers In	10,000
Operating Grants Received	<u>539,611</u>
Net Cash Provided by Noncapital Financing Activities	<u>549,611</u>
<u>Cash Flows from Capital and Related Financial Activities:</u>	
Payments for Capital Acquisitions	<u>(35,898)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(35,898)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>688</u>
Net Cash Provided by Investing Activities	<u>688</u>
Net Increase in Cash and Cash Equivalents	161,556
Cash and Cash Equivalents at Beginning of Year	<u>335,686</u>
Cash and Cash Equivalents at End of Year	<u><u>\$497,242</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for)	
Operating (Loss)	(\$257,293)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for)	
Operating Activities:	
Depreciation	19,085
Donated Commodities Used During Year	14,065
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(156,354)
(Increase)/Decrease in Due from Other Governments	25,001
(Increase)/Decrease in Materials and Supplies Inventory	3,655
Increase/(Decrease) in Accounts Payable	2,508
Increase/(Decrease) in Accrued Wages and Benefits	(5,899)
Increase/(Decrease) in Compensated Absences Payable	(1,096)
Increase/(Decrease) in Intergovernmental Payable	<u>3,483</u>
Total Adjustments	<u>(95,552)</u>
Net Cash (Used for) Operating Activities	<u><u>(\$352,845)</u></u>

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

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**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE I - DESCRIPTION OF THE ENTITY

The Wayne County Joint Vocational School District 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.

The District operates under an appointed nine-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 39 noncertificated employees, 96 certificated full-time teaching personnel and 8 administrators who provide services to 657 students and other community members.

The Wayne County Joint Vocational School District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations form the oversight unit and will be included as part of the reporting entity.

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

On this basis, the combined general purpose financial statements include all of the funds and account groups of the District over which the Board of Education exercises operating control. Management has determined the District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - FUND ACCOUNTING

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is based upon the determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

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

Capital Project Fund

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) in accounting and reporting issued on or before November 30, 1989 for its proprietary operations. The following is the District's proprietary fund type:

Enterprise Funds

Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the District 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 (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The following is the District's fiduciary fund type:

Agency Funds

These funds are purely custodial in nature and thus do not involve the measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Combined 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 Combined Balance Sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year end.

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

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue. In the proprietary fund type, 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. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. 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.

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 Appropriation Resolution are subject to amendment throughout the fiscal 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 legal level of budgetary control is at the object level within each function for all funds, except the special revenue funds. The legal level of budgetary control is at the fund level for the special revenue funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Wayne County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2000.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the legal levels of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the Commission, and the total of expenditures and encumbrances may not exceed the appropriation at my level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter total object appropriations within functions must be approved by the Board of Education. The Board may pass supplemental appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either reallocate, increase or decrease the original appropriated amounts. During the fiscal year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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 fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

Lapsing of Appropriations

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

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonparticipating investment contracts such as overnight repurchase agreements and non-negotiable certificates of deposit are reported at cost.

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 2000 amounted to \$163,959, which includes \$69,255 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents,

RESTRICTED ASSETS

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

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 are recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund type 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 non-food supplies and are expensed when used.

FIXED ASSETS AND DEPRECIATION

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

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursable grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenues when measurable and earned. The District currently participates in various State and Federal programs, as follows:

Grants and Entitlements

Entitlements

General Fund

State Foundation Program

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Even Start

Adult Basic Education

Title VI

Vocational Education

Pell Grant

Job Training Partnership Act

Eisenhower Grant

Professional Development

School to Work Grant

Consumer Education

Career Development

Full Service Center

SEOG Grant

E-Rate Grant

Education Management and Information System

Reimbursable Grants

Special Revenue Funds

Tech-Prep Education

Enterprise Funds

School Lunch Program

Government Donated Commodities

School Breakfast Program

Job Opportunities and Basic Skills Training

Job Training Partnership Act

Trade Adjustment Assistance

SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Receivable/Payable".

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences". Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered,
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

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. In general, payments made more than sixty days after fiscal year end are considered not to have been made with current available financial resources. Capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND BALANCE RESERVES

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

INTERFUND TRANSACTIONS

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

ESTIMATES

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

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000**

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

2. Expenditures 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 (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the fiscal year on the budget basis to the GAAP basis are as follows:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$324,139	\$ (9)	\$0	\$(173)
Net Adjustment for Revenue				
Accruals	332,151	302,170	0	0
Net Adjustment for Expenditure				
Accruals	(319,764)	(303,247)	0	0
Encumbrances	<u>(140,769)</u>	<u>(74,532)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$195,757</u>	<u>\$(75,618)</u>	<u>\$0</u>	<u>\$(173)</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accnial basis of accounting which substantially differs from those recognized on the cash basis of accounting:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Consumer Education Grant	\$8,424
Career Development Grant	1,385
Adult Basic Education	11,328
Job Training Partnership Act	23,154
Vocational Education	51,046
Title VI	1,573

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes require the classification of monies held by the District into three categories.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT NOTES
TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Cash on Hand

At fiscal year end, the District had \$350 in undeposited cash on hand which is included on the Combined Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits

At fiscal year end, the carrying amount of the District's deposits was \$2,034,922 and the bank balance was \$2,305,271. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$2,005,271 was held in collateral pools with no specification for whom such funds are held which is considered to be uninsured and uncollateralized as defined by GASB Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30.2000**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments

The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>
Overnight Repurchase Agreements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$880,000</u>	<u>\$880,000</u>
Total Investments	<u>0</u>	<u>0</u>	<u>\$880,000</u>	<u>\$880,000</u>

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$2,915,272	\$ 0
Investments in the Cash Management Pool:		
Overnight Repurchase Agreements	(880,000)	880,000
Cash on Hand	(350)	0
GASB Statement No. 3	<u>\$2,034,922</u>	<u>\$880,000</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes are attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25% of true value.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2000**

NOTE 6 - PROPERTY TAXES (continued)

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

1999 Second Half

Real Property:

	<u>Residential Agriculture</u>	<u>Commercial/Industrial</u>	<u>Public Utilities</u>
Wayne County	\$ 979,245,940	\$258,815,960	\$606,780
Medina County	4,466,070	3,035,870	2,910
Holmes County	22,832,820	3,213,370	0
Stark County	32,780	0	0
Ashland County	<u>3,039,980</u>	<u>176,700</u>	<u>0</u>
Grand Total	<u>\$ 1,009,617,590</u>	<u>\$ 265,241,900</u>	<u>\$ 609,690</u>
%	62.05%	16.30%	0.04%

Tangible Personal Property:

	<u>General</u>	<u>Public Utilities</u>	<u>Total Assessed Valuation</u>
Wayne County	\$ 249,129,547	\$91,767,210	\$1,579,565,437
Medina County	1,339,600	413,630	9,258,080
Holmes County	6,846,080	1,596,280	34,488,550
Stark County	7,280	470	40,530
Ashland County	<u>7,928</u>	<u>544,200</u>	<u>3,768,808</u>
Grand Total	<u>\$ 257,330,435</u>	<u>\$94,321,790</u>	<u>\$1,627,121,405</u>
%	15.81%	5.80%	100%

Tax rate per 1,000 of Assessed Valuation \$4.10

2000 First Half

Real Property:

	<u>Residential Agriculture</u>	<u>Commercial/Industrial</u>	<u>Public Utilities</u>
Wayne County	\$1,105,118,860	\$264,532,030	\$648,500
Medina County	4,612,530	4,954,450	2,630
Holmes County	23,400,280	3,355,490	0
Stark County	32,780	0	0
Ashland County	<u>3,763,980</u>	<u>157,460</u>	<u>0</u>
Grand Total	<u>\$1,136,928,430</u>	<u>\$272,999,430</u>	<u>\$651,130</u>
%	63.76%	15.31%	0.04%

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES (continued)

Tangible Personal Property:

	<u>General</u>	<u>Public Utilities</u>	<u>Total Assessed Valuation</u>
Wayne County	\$273,783,987	\$87,708,500	\$1,731,791,877
Medina County	1,445,580	361,240	11,376,430
Holmes County	7,005,830	1,499,130	35,260,730
Stark County	440	440	33,660
Ashland County	<u>20,520</u>	<u>636,400</u>	<u>4,578,360</u>
Grand Total	<u>\$282,256,357</u>	<u>\$90,205,710</u>	<u>\$1,783,041,057</u>
%	15.83%	5.06%	100%

Tax rate per \$ 1,000 of Assessed Valuation \$4.10

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later 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 Wayne, Medina, Holmes, Stark and Ashland County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2000, is available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$80,330. The entire amount was available to the general fund. The amount available as evidence at June 30 is also reflected as a reservation of fund balance for future appropriations.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, accrued interest and intergovernmental entitlements and 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 items of intergovernmental receivables follows:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000**

NOTE 7 - RECEIVABLES (continued)

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General	\$ 633
Special Revenue:	
Public School Support	2,540
Full Service Center	<u>49,769</u>
Total Special Revenue	<u>52,309</u>
Enterprise:	
Adult Education	<u>16,342</u>
Total Intergovernmental Receivables	<u><u>\$69,284</u></u>

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$490,819
Less: Accumulated Depreciation	<u>(364,249)</u>
Net Fixed Assets	<u><u>\$126,570</u></u>

A summary of the changes in general fixed assets follows:

	<u>Balance</u> <u>07/01/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/2000</u>
Land	\$ 631,834	\$ 0	\$ 0	\$ 631,834
Buildings and Improve- ments	4,665,767	0	0	4,665,767
Furniture and Equipment	4,009,772	368,057	(14,320)	4,363,509
Vehicles	<u>411,312</u>	<u>0</u>	<u>0</u>	<u>411,312</u>
Total	<u><u>\$9,718,685</u></u>	<u><u>\$ 368,057</u></u>	<u><u>\$(14,320)</u></u>	<u><u>\$10,072,422</u></u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30,2000**

NOTE 9 - RISK MANAGEMENT

General Insurance

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 for each occurrence with a \$250 collision deductible. All administrators and employees are covered under a District liability policy, The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

Fidelity Bond

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000, The Assistant Treasurer is also covered under a surety bond in the amount of \$10,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

NOTE 10 - CAPITAL LEASES

During the year ended June 30, 1997, the District entered into a lease agreement for computer equipment for the Mobile Technology Lab. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases". Accordingly, this lease has been recorded at the present value of their future minimum lease payments, as of the inception date, in the general fixed assets account group and the general long-term obligations account group.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2000:

Fiscal Year Ending	<u>Lease Payments</u>
<u>June 30,</u>	
2001	\$28,945
2002	<u>7,238</u>
Total minimum lease payments	36,183
Less: Amount representing interest	<u>(1,858)</u>
Present value of net minimum lease payments	<u>\$ 34,325</u>

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 11 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District from July 1, 1999 through June 30, 2000 were as follows:

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

<u>Issue</u>	<u>Balance 7/01/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/2000</u>
Food Processing Building Loan 0.00%, 12/02 - 12/07	\$74,779	0	\$(8,798)	\$65,981
Energy Conservation Loan 5.25%, 11/93 - 11/03	212,072	0	(43,793)	168,279
Intergovernmental Payable	16,544	15,457	(16,544)	15,457
Compensated Absences Payable	168,865	13,757	(17,254)	165,368
Capital Leases Payable	<u>59,425</u>	<u>0</u>	<u>(25,100)</u>	<u>34,325</u>
Total General Long-Term Obligations	<u>\$531,685</u>	<u>\$ 29,214</u>	<u>\$(111,489)</u>	<u>\$ 449,410</u>

The debt service fund is being used to repay both the Food Processing Building Loan and the Energy Conservation Loan. "Intergovernmental Payable" and "Compensated Absences Payable" will be paid from the fund from which the employee is paid. The Food Processing Building Loan is an interest free loan from the State of Ohio. The loan was made in fiscal year 1993 in the amount of \$181,111. In fiscal year 1994, the District was given approval to borrow monies under HB. 264 for an Energy Retrofit Project. The District borrowed \$418,705 from First National Bank at a stated rate of interest of 5.25%. Principal and interest requirements to maturity for the loans are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 54,973	\$ 9,649	\$64,622
2002	57,456	6,901	64,357
2003	60,073	4,020	64,093
2004	30,968	1,414	32,382
2005	8,798	952	9,750
Thereafter	<u>21,992</u>	<u>987</u>	<u>22,979</u>
Total	<u>\$234,260</u>	<u>\$23,923</u>	<u>\$258,183</u>

Both loans are backed by the full faith and credit of the District.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30,2000**

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2000 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	<u>\$228,290</u>	<u>\$ 0</u>
Special Revenue:		
Consumer Education	0	8,400
Career Development	0	9,657
Full Service Center	0	7,050
Medical Assisting 'Tech Prep	0	10,498
Adult Basic Education	0	42,462
Job Training Partnership Act	0	33,099
Eisenhower Grant	0	1,110
Vocational Education	0	59,581
Pell Grant	0	29,932
Even Start	0	19,597
Title VI	0	2,304
Miscellaneous Federal Grants	<u>0</u>	<u>4,609</u>
Total Special Revenue	<u>0</u>	<u>228,299</u>
Total	<u>\$ 228,299</u>	<u>\$228,299</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds which are operated on a sales basis: food services, uniform school supplies and adult education. The table below reflects the more significant financial information relating to the enterprise funds of the Wayne County Joint Vocational School District for the year ended June 30, 2000:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues	\$ 124,595	\$ 92,670	\$ 1,272,825	\$ 1,490,090
Operating expenses before depreciation	(194,784)	(106,256)	(1,427,258)	(1,728,298)
Depreciation	(1,007)	0	(18,078)	(19,085)
Operating (loss)	(71,196)	(13,586)	(172,511)	(257,293)
Federal donated commodities	14,065	0	0	14,065
Federal and State subsidies	37,701	0	482,655	520,356
Interest	688	0	0	688
Transfer in	0	0	10,000	10,000
Net income/(loss)	(18,742)	(13,586)	320,144	287,816
Net working capital	27,109	97,499	648,266	772,874
Total Assets	43,175	98,855	854,989	997,019
Total Equity	32,080	97,499	769,866	899,445
Encumbrances at June 30, 2000	\$4,789	\$4,032	\$33,962	\$42,783

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30.2000**

NOTE 14 - RETIREMENT PLANS

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$88,725, \$98,592 and \$101,597, respectively; 86.0 percent has been contributed for fiscal year 2000 and 100 percent has been contributed for fiscal years 1999 and 1998. \$23,785, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent, 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$326,814, \$323,342 and \$530,094, respectively; 93.0 percent has been contributed for fiscal year 2000 and 100 percent has been contributed for fiscal years 1999 and 1998. \$53,663, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS

School Employees Retirement System

SERS provides post retirement health care coverage to retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 25 years of qualified service credit pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The Ohio Revised Code provides statutory authority requiring school employers to fund post retirement health care through their contributions to SERS. At June 30, 2000, the allocation rate was 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit for fiscal 2000, the minimum pay was established at \$12,400. The surcharge rate, 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. For the District, the amount to fund health care benefits, including surcharge, equaled \$81,255 during the 2000 fiscal year.

The health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. At June 30, 1999 (the latest information available), the retirement system's expenses for health care were \$126,380,984 and the target level was \$189.6 million, and the net assets were \$188.0 million, at cost. The number of participants receiving health care benefits at June 30, 1999 was approximately 51,000.

State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the District, the amount to fund health care benefits equaled \$435,701 during the 2000 fiscal year. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. The number of eligible benefit recipients receiving health care benefits at June 30, 1999, was 95,796.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 16 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time, All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the District, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meet the eligibility requirements has been recorded in the appropriate governmental funds 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 are recorded as an expense and liability of the fund when earned.

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services.

Representation on the Council of Governments consists of one member appointed by each member board of education. The representative shall be either the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who are elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

NOTE 18 - CONTINGENCIES

Grants

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 18 - CONTINGENCIES (continued)

Litigation

The District is party to legal proceedings. The District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

NOTE 19 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,405,374 of school foundation support for its general fund.

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

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

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

NOTE 20 - REQUIRED BUDGET SET ASIDES

The District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts are also to be set aside for the budget stabilization reserve if the District's base amount use for the yearly set aside calculation increases three percent or more from the prior fiscal year. This amount is to be included in the budget stabilization reserve.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2000**

NOTE 20 - REQUIRED BUDGET SET ASIDES (continued)

The following information describes the changes in the amounts set aside for budget stabilization, textbooks and instructional materials and capital improvements from the end of the prior fiscal year to the end of the current fiscal year.

	<u>Budget Stabilization Set Aside</u>	<u>Textbook/ Instructional Set Aside</u>	<u>Capital Improvements Set Aside</u>
Set Aside Cash Balance as of June 30, 1999	\$ 117,103	\$ 0	\$ 0
Current Fiscal Year Set Aside Requirement	68,043	198,075	198,075
Qualifying Expend- itures	0	(385,680)	(263,849)
Current Fiscal Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>185,146</u>	<u>(187,605)</u>	<u>(65,774)</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$ 185,146</u>	<u>\$ 0</u>	<u>\$ 0</u>

Since the qualifying expenditures and offsets for the textbook/instructional materials and capital improvements set aside exceeded the fiscal year 2000 requirement, no amount will be carried forward to the next fiscal year.

Amounts remaining at fiscal year end had been set aside to satisfy statutory requirements. They are represented by cash and cash equivalents and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balance.

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Accountants and Consultants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, OH 44677

To the Board of Education:

We have audited the general purpose financial statements of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose 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 general purpose 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 the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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.

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

This report is intended for the information and use of the 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.

KNOX & KNOX

Orrville, Ohio
December 27, 2000

Accountants and Consultants

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

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, OH 44677

To the Board of Education:

Compliance

We have audited the compliance of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), with the type 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, 2000. The 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, contract and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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 type 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the 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, 2000.

Internal Control Over Compliance

The management of the 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 the 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 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.

KNOX & KNOX

Orrville, Ohio
December 27, 2000

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY**

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. Department of Agriculture Pass Through Ohio Department of Education:						
Child Nutrition Cluster						
Food Distribution Program (Commodities)	N/A	10.550	\$ 0	\$14,560	\$ 0	\$14,065
School Breakfast Program	05-PU-2000	10.553	2,923	0	2,923	0
National School Lunch	04-PU-2000	10.555	<u>\$37,404</u>	<u>0</u>	<u>37,404</u>	<u>0</u>
Total Child Nutrition Cluster			<u>40,327</u>	<u>14,560</u>	<u>40,327</u>	<u>14,065</u>
Total U.S. Department of Agriculture			<u>40,327</u>	<u>14,560</u>	<u>40,327</u>	<u>14,065</u>
U.S. Department of Education Pass Through the Ohio Department Of Education:						
Student Financial Assistance Cluster:						
PELL Grant	N/A	84.063	124,666	0	124,666	0
SEOG Grant	N/A		<u>3,265</u>	<u>0</u>	<u>3,265</u>	<u>0</u>
Total Student Financial Assistance Cluster			127,931	0	127,931	0
Adult and Community Education						
Adult Education	AB-S1-2000	84.002	47,971	0	49,648	0
Vocational Education Basic Grants To States						
Sex Equity	20-A5-1999	84.048	2,057	0	2,057	0
Local Funds Secondary	20-C1-1998		2,097	0	2,097	0
Local Funds Secondary	20-C1-1999		152,310	0	152,310	0
Local Funds Secondary	20-C1-2000		171,100	0	171,100	0
Local Funds Post Secondary	20-C2-1999		9,823	0	9,823	0
Local Funds Post Secondary	20-C2-2000		<u>57,147</u>	<u>0</u>	<u>57,147</u>	<u>0</u>
Total Vocational Education Basic Grants to States			394,534	0	394,534	0

continued

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
Even Start - Family Literacy		84.213				
Even Start - FY 2000	EU-54-2000		\$ 176,347	0	\$ 176,347	0
Even Start - FY 1999	EU-53-1999		78,379	0	78,379	0
Total Even Start			<u>254,726</u>	<u>0</u>	<u>254,726</u>	<u>0</u>
Eisenhower/Math Science	MS-S1-2000	84.281	476	0	476	0
Innovative Education Program Strategy		84.298				
Title VI FY 00	C2-51-00		987	0	987	0
Title VI FY 99	C2-51-99		437	0	437	0
Total Innovative Education Program			<u>1,424</u>	<u>0</u>	<u>1,424</u>	<u>0</u>
Tech Prep Education		84.243				
Horticulture			3,747	0	3,747	0
Media Pathway			5,000	0	5,000	0
Total Tech Prep Education			<u>8,747</u>	<u>0</u>	<u>8,747</u>	<u>0</u>
Adult Vocational Training		80.048	85,437	0	85,437	0
Pass Through the Tri-County Educational Service Center E-Rate FY 00		88.001	4,050	0	4,050	0
Total U.S. Department of Education			<u>925,296</u>	<u>0</u>	<u>926,973</u>	<u>0</u>
U.S. Department of Labor Pass Through the Ohio Bureau of Employment Services/ Pass Through Ohio Service Delivery Area 23		17.250				
JTPA FY 99			38,476	0	38,476	0
JTPA FY 00			65,022	0	65,022	0
			<u>103,498</u>	<u>0</u>	<u>103,498</u>	<u>0</u>
Pass Through the U.S. Department of Health and Human Services: School-To Work		17.249				
STW FY 99			50,000	0	50,000	0
STW Vital Connections			9,702	0	9,702	0
STW Liason FY 99			13,673	0	13,673	0
STW Liason FY 00			16,500	0	16,500	0
Total School-To-Work Grant			<u>89,875</u>	<u>0</u>	<u>89,875</u>	<u>0</u>
Total U.S. Department of Labor			<u>193,373</u>	<u>0</u>	<u>193,373</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,158,996</u>	<u>\$14,560</u>	<u>\$1,160,673</u>	<u>\$14,065</u>

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 Sect.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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 Sect. 510?	No
(d)(1)(vii)	Major programs (list):	Vocational Ed., CFDA # 84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE 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
FEBRUARY 1, 2001**