

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

**AUDITED GENERAL PURPOSE
FINANCIAL STATEMENTS
JUNE 30, 2001**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Education
Apollo Joint Vocational School District
Lima, Ohio 44646

We have reviewed the Independent Auditor's Report of the Apollo Joint Vocational School District, Allen County, prepared by Rea & Associates, Inc., for the audit period July 1, 2000 to June 30, 2001. 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 Apollo Joint Vocational School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 9, 2002

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APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

JUNE 30, 2001

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 9, 2001

To the Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Apollo Joint Vocational School District as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Apollo Joint Vocational School District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Rea & Associates, Inc.

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APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,432,510	\$ 337,835	\$ 5,174	\$ 1,108,700
Receivables:				
Property Taxes	2,688,761	0	0	727,070
Accounts	6,210	122,266	0	0
Intergovernmental	0	111,361	0	55,874
Interfund	137,250	0	0	0
Accrued Interest	107,857	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	60,171	15,175	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	25,106	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service				
Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount Available in Special Revenue				
Fund for Payment of Termination Benefits	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	<u>\$ 4,457,865</u>	<u>\$ 586,637</u>	<u>\$ 5,174</u>	<u>\$ 1,891,644</u>
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 35,663	\$ 13,673	\$ 0	\$ 20,770
Accrued Wages and Benefits	539,667	130,735	0	0
Compensated Absences Payable	11,608	1,665	0	0
Intergovernmental Payable	72,988	17,477	0	0
Interfund Payable	0	101,250	0	0
Deferred Revenue	2,532,515	98,884	0	773,872
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loans Payable	0	0	0	0
Total Liabilities	<u>3,192,441</u>	<u>363,684</u>	<u>0</u>	<u>794,642</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	253,165	0	0	9,072
Reserved for Budget Stabilization	25,106	0	0	0
Reserved for Encumbrances	127,174	69,271	0	313,329
Reserved for Endowment	0	0	0	0
Designated for Termination Benefits	0	200,000	0	0
Unreserved, Undesignated (Deficit)	859,979	(46,318)	5,174	774,601
Total Fund Equity and Other Credits	<u>1,265,424</u>	<u>222,953</u>	<u>5,174</u>	<u>1,097,002</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 4,457,865</u>	<u>\$ 586,637</u>	<u>\$ 5,174</u>	<u>\$ 1,891,644</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 49,969	\$ 135,159	\$ 0	\$ 0	\$ 3,069,347
0	0	0	0	3,415,831
355	0	0	0	128,831
251	0	0	0	167,486
0	0	0	0	137,250
0	0	0	0	107,857
52,211	0	0	0	52,211
1,338	0	0	0	76,684
0	0	0	0	25,106
53,565	0	11,157,264	0	11,210,829
0	0	0	5,174	5,174
0	0	0	200,000	200,000
0	0	0	93,638	93,638
<u>\$ 157,689</u>	<u>\$ 135,159</u>	<u>\$ 11,157,264</u>	<u>\$ 298,812</u>	<u>\$ 18,690,244</u>
\$ 8,170	\$ 1,000	\$ 0	\$ 0	\$ 79,276
12,214	0	0	0	682,616
0	0	0	280,514	293,787
3,299	0	0	9,395	103,159
36,000	0	0	0	137,250
0	0	0	0	3,405,271
0	505	0	0	505
0	35,706	0	0	35,706
0	0	0	3,729	3,729
0	0	0	5,174	5,174
<u>59,683</u>	<u>37,211</u>	<u>0</u>	<u>298,812</u>	<u>4,746,473</u>
0	0	11,157,264	0	11,157,264
(127,858)	0	0	0	(127,858)
225,864	0	0	0	225,864
0	0	0	0	262,237
0	0	0	0	25,106
0	0	0	0	509,774
0	5,000	0	0	5,000
0	0	0	0	200,000
0	92,948	0	0	1,686,384
<u>98,006</u>	<u>97,948</u>	<u>11,157,264</u>	<u>0</u>	<u>13,943,771</u>
<u>\$ 157,689</u>	<u>\$ 135,159</u>	<u>\$ 11,157,264</u>	<u>\$ 298,812</u>	<u>\$ 18,690,244</u>

See Accompanying Notes to the General Purpose Financial Statements

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APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenues:						
Property Taxes	\$ 2,729,842	\$ 0	\$ 0	\$ 737,892	\$ 0	\$ 3,467,734
Intergovernmental	3,337,092	899,116	0	151,148	0	4,387,356
Interest	167,944	13,723	0	0	4,618	186,285
Tuition and Fees	46,338	1,255,816	0	0	0	1,302,154
Gifts and Donations	0	0	0	0	23,553	23,553
Miscellaneous	109,075	20,452	0	0	721	130,248
Total Revenues	6,390,291	2,189,107	0	889,040	28,892	9,497,330
Expenditures:						
Current:						
Instruction:						
Regular	546,909	0	0	0	0	546,909
Special	125,557	0	0	0	0	125,557
Vocational	2,631,157	1,688,499	0	0	0	4,319,656
Adult/Continuing Education	0	56,729	0	0	0	56,729
Support Services:						
Pupils	391,708	115,776	0	0	0	507,484
Instructional Staff	299,560	475,737	0	0	0	775,297
Board of Education	29,142	0	0	0	0	29,142
Administration	661,150	19,093	0	0	0	680,243
Fiscal	306,318	0	0	15,229	0	321,547
Operation and Maintenance of Plant	684,537	0	0	0	0	684,537
Pupil Transportation	9,562	10,587	0	0	0	20,149
Central	58,938	0	0	0	0	58,938
Non-Instructional Services	4,357	80,089	0	0	18,998	103,444
Extracurricular Activities	5,645	13,651	0	0	0	19,296
Capital Outlay	545	0	0	676,622	0	677,167
Debt Service:						
Principal Retirement	0	0	20,275	3,443	0	23,718
Interest and Fiscal Charges	0	0	0	449	0	449
Total Expenditures	5,755,085	2,460,161	20,275	695,743	18,998	8,950,262
Excess of Revenues Over (Under) Expenditures	635,206	(271,054)	(20,275)	193,297	9,894	547,068
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	6,229	0	0	0	0	6,229
Operating Transfers In	0	243,503	0	850,000	0	1,093,503
Operating Transfers Out	(1,099,003)	0	0	0	0	(1,099,003)
Total Other Financing Sources (Uses)	(1,092,774)	243,503	0	850,000	0	729
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(457,568)	(27,551)	(20,275)	1,043,297	9,894	547,797
Fund Balances at Beginning of Year	1,722,992	250,504	25,449	53,705	78,566	2,131,216
Fund Balances at End of Year	\$ 1,265,424	\$ 222,953	\$ 5,174	\$ 1,097,002	\$ 88,460	\$ 2,679,013

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$ 2,621,614	\$ 2,763,013	\$ 141,399	\$ 0	\$ 0	\$ 0
Intergovernmental	3,167,567	3,337,092	169,525	1,196,186	972,779	(223,407)
Interest	139,306	151,381	12,075	18,000	13,723	(4,277)
Tuition and Fees	38,607	46,550	7,943	1,216,000	1,151,905	(64,095)
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	102,415	99,729	(2,686)	13,000	22,144	9,144
Total Revenues	6,069,509	6,397,765	328,256	2,443,186	2,160,551	(282,635)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	705,367	579,904	125,463	0	0	0
Special	126,950	124,820	2,130	0	0	0
Vocational	3,079,930	2,662,084	417,846	1,667,758	1,727,010	(59,252)
Adult/Continuing Education	0	0	0	66,070	56,852	9,218
Support Services:						
Pupils	367,172	354,144	13,028	135,138	113,985	21,153
Instructional Staff	334,625	307,510	27,115	466,588	500,289	(33,701)
Board of Education	39,661	35,722	3,939	100	0	100
Administration	719,512	685,502	34,010	19,165	19,165	0
Fiscal	307,176	314,800	(7,624)	0	0	0
Business	750	0	750	0	0	0
Operation and Maintenance of Plant	623,111	699,773	(76,662)	24,948	10,425	14,523
Pupil Transportation	8,250	9,736	(1,486)	0	0	0
Central	57,500	76,330	(18,830)	74,431	80,979	(6,548)
Non-Instructional Services	6,000	4,357	1,643	13,801	13,801	0
Extracurricular Activities	12,250	5,645	6,605	0	0	0
Capital Outlay	6,000	545	5,455	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Total Expenditures	6,394,254	5,860,872	533,382	2,467,999	2,522,506	(54,507)
Excess of Revenues Over (Under) Expenditures	(324,745)	536,893	861,638	(24,813)	(361,955)	(337,142)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	352,250	158,070	(194,180)	0	0	0
Refund of Prior Year Expenditures	0	6,112	6,112	15,000	137	(14,863)
Refund of Prior Year Receipts	(225)	0	225	0	(300)	(300)
Other Financing Uses	(217,931)	0	217,931	0	0	0
Advances In	0	300,850	300,850	0	101,250	101,250
Advances Out	0	(137,250)	(137,250)	0	(70,850)	(70,850)
Operating Transfers In	48,303	0	(48,303)	243,503	243,503	0
Operating Transfers Out	(458,000)	(1,099,003)	(641,003)	0	0	0
Total Other Financing Sources (Uses)	(275,603)	(771,221)	(495,618)	258,503	273,740	15,237
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(600,348)	(234,328)	366,020	233,690	(88,215)	(321,905)
Fund Balances at Beginning of Year	1,345,976	1,345,976	0	265,320	265,320	0
Prior Year Encumbrances Appropriated	188,536	188,536	0	79,778	79,778	0
Fund Balances at End of Year	\$ 934,164	\$ 1,300,184	\$ 366,020	\$ 578,788	\$ 256,883	\$ (321,905)

See Accompanying Notes to the General Purpose Financial Statements

(continued)

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 710,920	\$ 736,034	\$ 25,114
0	0	0	133,500	151,148	17,648
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	844,420	887,182	42,762
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	289,007	404,046	(115,039)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,000	6,227	(4,227)
0	0	0	0	0	0
0	0	0	19,351	36,513	(17,162)
0	0	0	20,000	15,228	4,772
0	0	0	0	0	0
0	0	0	24,950	90,725	(65,775)
0	0	0	15,000	22,433	(7,433)
0	0	0	751,041	521,911	229,130
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	171,901	87,362	84,539
25,449	25,449	0	0	0	0
25,449	25,449	0	1,293,250	1,184,445	108,805
(25,449)	(25,449)	0	(448,830)	(297,263)	151,567
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	(200,000)	(200,000)
0	0	0	350,000	850,000	500,000
0	0	0	0	0	0
0	0	0	350,000	650,000	300,000
(25,449)	(25,449)	0	(98,830)	352,737	451,567
0	0	0	14,586	14,586	0
25,449	25,449	0	407,279	407,279	0
\$ 0	\$ 0	\$ 0	\$ 323,035	\$ 774,602	\$ 451,567

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2001

(continued)

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 3,332,534	\$ 3,499,047	\$ 166,513
Intergovernmental	0	0	0	4,497,253	4,461,019	(36,234)
Interest	4,200	4,618	418	161,506	169,722	8,216
Tuition and Fees	0	0	0	1,254,607	1,198,455	(56,152)
Gifts and Donations	15,700	23,553	7,853	15,700	23,553	7,853
Miscellaneous	960	721	(239)	116,375	122,594	6,219
Total Revenues	20,860	28,892	8,032	9,377,975	9,474,390	96,415
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	0	0	0	705,367	579,904	125,463
Special	0	0	0	126,950	124,820	2,130
Vocational	0	0	0	5,036,695	4,793,140	243,555
Adult/Continuing Education	0	0	0	66,070	56,852	9,218
Support Services:						
Pupils	0	0	0	502,310	468,129	34,181
Instructional Staff	0	0	0	803,213	814,026	(10,813)
Board of Education	0	0	0	39,761	35,722	4,039
Administration	0	0	0	758,028	741,180	16,848
Fiscal	0	0	0	327,176	330,028	(2,852)
Business	0	0	0	750	0	750
Operation and Maintenance of Plant	0	0	0	673,009	800,923	(127,914)
Pupil Transportation	0	0	0	23,250	32,169	(8,919)
Central	0	0	0	882,972	679,220	203,752
Non-Instructional Services	32,028	19,069	12,959	51,829	37,227	14,602
Extracurricular Activities	0	0	0	12,250	5,645	6,605
Capital Outlay	0	0	0	177,901	87,907	89,994
Debt Service:						
Principal Retirement	0	0	0	25,449	25,449	0
Total Expenditures	32,028	19,069	12,959	10,212,980	9,612,341	600,639
Excess of Revenues Over (Under) Expenditures	(11,168)	9,823	20,991	(835,005)	(137,951)	697,054
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	352,250	158,070	(194,180)
Refund of Prior Year Expenditures	0	0	0	15,000	6,249	(8,751)
Refund of Prior Year Receipts	0	0	0	(225)	(300)	(75)
Other Financing Uses	0	0	0	(217,931)	0	217,931
Advances In	0	0	0	0	402,100	402,100
Advances Out	0	0	0	0	(408,100)	(408,100)
Operating Transfers In	0	0	0	641,806	1,093,503	451,697
Operating Transfers Out	0	0	0	(458,000)	(1,099,003)	(641,003)
Total Other Financing Sources (Uses)	0	0	0	332,900	152,519	(180,381)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,168)	9,823	20,991	(502,105)	14,568	516,673
Fund Balances at Beginning of Year	76,702	76,702	0	1,702,584	1,702,584	0
Prior Year Encumbrances Appropriated	2,778	2,778	0	703,820	703,820	0
Fund Balances at End of Year	\$ 68,312	\$ 89,303	\$ 20,991	\$ 1,904,299	\$ 2,420,972	\$ 516,673

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$ 266,037	\$ 0	\$ 266,037
Interest	0	534	534
Other Operating Revenues	1,443	0	1,443
Total Operating Revenues	<u>267,480</u>	<u>534</u>	<u>268,014</u>
<u>Operating Expenses:</u>			
Salaries	52,670	0	52,670
Fringe Benefits	22,760	0	22,760
Cost of Sales	191,445	0	191,445
Other Operating Expenses	0	300	300
Depreciation	3,731	0	3,731
Total Operating Expenses	<u>270,606</u>	<u>300</u>	<u>270,906</u>
Operating Income (Loss)	<u>(3,126)</u>	<u>234</u>	<u>(2,892)</u>
<u>Non-Operating Revenues:</u>			
Interest	1,465	0	1,465
Operating Grants	2,055	0	2,055
Total Non-Operating Revenues	<u>3,520</u>	<u>0</u>	<u>3,520</u>
Income Before Operating Transfers	394	234	628
Operating Transfers In	<u>5,500</u>	<u>0</u>	<u>5,500</u>
Net Income	5,894	234	6,128
Retained Earnings (Deficit)/Fund Balance at Beginning of Year (Restated - Note 4)	<u>(133,752)</u>	<u>9,254</u>	<u>(124,498)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>(127,858)</u>	<u>9,488</u>	<u>(118,370)</u>
Contributed Capital at Beginning of Year	202,024	0	202,024
Contributions from Other Funds	23,840	0	23,840
Contributed Capital at End of Year	<u>225,864</u>	<u>0</u>	<u>225,864</u>
Total Fund Equity at End of Year	<u>\$ 98,006</u>	<u>\$ 9,488</u>	<u>\$ 107,494</u>

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 287,300	\$ 265,682	\$ (21,618)
Interest	1,200	1,465	265
Other Revenues	0	1,443	1,443
Operating Grants	2,500	1,981	(519)
Total Revenues	<u>291,000</u>	<u>270,571</u>	<u>(20,429)</u>
<u>Expenses:</u>			
Salaries	63,000	49,940	13,060
Fringe Benefits	27,227	21,748	5,479
Materials and Supplies	205,076	220,929	(15,853)
Other Expenses	1,200	0	1,200
Total Expenses	<u>296,503</u>	<u>292,617</u>	<u>3,886</u>
Excess of Revenues Over (Under) Expenses	(5,503)	(22,046)	(16,543)
Advances In	0	36,000	36,000
Advances Out	0	(30,000)	(30,000)
Operating Transfers In	<u>5,000</u>	<u>5,500</u>	<u>500</u>
Excess of Revenues Over (Under) Expenses, Advances, and Transfers	(503)	(10,546)	(10,043)
Fund Balances at Beginning of Year	1,292	1,292	0
Prior Year Encumbrances Appropriated	31,017	31,017	0
Fund Balances at End of Year	<u>\$ 31,806</u>	<u>\$ 21,763</u>	<u>\$ (10,043)</u>

See Accompanying Notes to the General Purpose Financial Statements

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 287,300	\$ 265,682	\$ (21,618)
500	534	34	1,700	1,999	299
0	0	0	0	1,443	1,443
0	0	0	2,500	1,981	(519)
<u>500</u>	<u>534</u>	<u>34</u>	<u>291,500</u>	<u>271,105</u>	<u>(20,395)</u>
0	0	0	63,000	49,940	13,060
0	0	0	27,227	21,748	5,479
0	0	0	205,076	220,929	(15,853)
1,000	300	700	2,200	300	1,900
<u>1,000</u>	<u>300</u>	<u>700</u>	<u>297,503</u>	<u>292,917</u>	<u>4,586</u>
(500)	234	734	(6,003)	(21,812)	(15,809)
0	0	0	0	36,000	36,000
0	0	0	0	(30,000)	(30,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,500</u>	<u>500</u>
(500)	234	734	(1,003)	(10,312)	(9,309)
9,254	9,254	0	10,546	10,546	0
0	0	0	31,017	31,017	0
<u>\$ 8,754</u>	<u>\$ 9,488</u>	<u>\$ 734</u>	<u>\$ 40,560</u>	<u>\$ 31,251</u>	<u>\$ (9,309)</u>

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Totals (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 265,682	\$ 0	\$ 265,682
Cash Received from Other Revenues	1,443	0	1,443
Cash Payments for Salaries	(49,940)	0	(49,940)
Cash Payments for Fringe Benefits	(21,748)	0	(21,748)
Cash Payments for Goods and Services	(192,723)	0	(192,723)
Cash Payments for Other Expenses	0	(300)	(300)
Net Cash Provided by (Used for) Operating Activities	<u>2,714</u>	<u>(300)</u>	<u>2,414</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	1,981	0	1,981
Cash Received from Advances In	36,000	0	36,000
Cash Paid for Advances Out	(30,000)	0	(30,000)
Cash Received from Operating Transfers In	5,500	0	5,500
Net Cash Provided by Noncapital Financing Activities	<u>13,481</u>	<u>0</u>	<u>13,481</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	1,465	534	1,999
Net Cash Provided by Investing Activities	<u>1,465</u>	<u>534</u>	<u>1,999</u>
Net Increase in Cash and Cash Equivalents	17,660	234	17,894
Cash and Cash Equivalents at Beginning of Year	<u>32,309</u>	<u>9,254</u>	<u>41,563</u>
Cash and Cash Equivalents at End of Year	<u>\$ 49,969</u>	<u>\$ 9,488</u>	<u>\$ 59,457</u>

See Accompanying Notes to the General Purpose Financial Statements

(continued)

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ (3,126)	\$ 234	\$ (2,892)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Depreciation	3,731	0	3,731
Interest Reported as Operating Income	0	(534)	(534)
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(355)	0	(355)
Increase in Inventory Held for Resale	(2,734)	0	(2,734)
Increase in Prepaid Items	(181)	0	(181)
Increase in Accounts Payable	1,455	0	1,455
Increase in Accrued Wages and Benefits	3,042	0	3,042
Increase in Intergovernmental Payable	882	0	882
Total Adjustments	5,840	(534)	5,306
Net Cash Provided by (Used for) Operating Activities	\$ 2,714	\$ (300)	\$ 2,414

Non-Cash Capital Financing Activities:

During fiscal year 2001, the Permanent Improvement capital projects fund purchased fixed assets, with a fair value of \$23,840, and contributed them to the Lunchroom enterprise fund.

Reconciliation of Trust and Agency Funds:

Cash and Cash Equivalents - All Fiduciary Fund Types:	\$ 135,159	
Cash and Cash Equivalents - Agency Funds	(36,211)	
Cash and Cash Equivalents - Expendable Trust Funds	(89,460)	
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$ 9,488	

See Accompanying Notes to the General Purpose Financial Statements

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Apollo Joint Vocational School District (the “District”) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts’ elected boards. The Board possesses its own budgeting and taxing authority. The District exposes students to job training skills leading to employment upon graduation from high school.

The District was established on February 12, 1973. The District serves Allen and five other surrounding counties. It is staffed with thirty-three classified employees and seventy-eight certified teaching personnel who provide services to six hundred nine students and other community members. The District currently operates one instruction/administration building.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Apollo Joint Vocational School District, this includes general operations, food service, and student related activities of the District.

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

The District is associated with a jointly governed organization and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the NOACSC Workers’ Compensation Group Rating Plan, and the Allen County Schools Health Benefits Plan. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

A. Basis of Presentation - Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

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

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) 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 obligation principal, interest, and related costs.

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

Proprietary Fund Type

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

Enterprise Funds - Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds are expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve 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 between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District, except those accounted for in proprietary funds or trust funds.

B. Measurement Focus and Basis of Accounting

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

The proprietary fund type and non-expendable trust fund are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary fund types and non-expendable trust fund.

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

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

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

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

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

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

C. Budgetary Process

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

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

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

Tax Budget

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

By no later than January 20, the Board-adopted budget is filed with the Allen 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 County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation resolution was legally enacted.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the 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 fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust fund.

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

D. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all 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.

During fiscal year 2001, the District's investments included non-negotiable certificates of deposit, repurchase agreements, federal agency securities, and STAR Ohio. Non-negotiable certificates of deposit and repurchase agreements are reported at cost. Federal agency securities are reported at fair value, which is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 was \$167,944, which included approximately \$28,000 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 an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory in the proprietary funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

F. Prepaid Items

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

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represents amounts required by State statute to create a reserve for budget stabilization.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of two thousand dollars. The District does not have any infrastructure.

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

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as “Interfund Receivables/Payables”.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

K. 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Capital leases and long-term are reported as liabilities in the general long-term obligations account group until due.

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

L. Contributed Capital

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

M. Fund Balance Reserves and Designations

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

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies, required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for the endowment signifies legal restrictions on the use of principal in the non-expendable trust fund. The designation for termination benefits represents revenues accumulated in a special revenue fund for future severance payments.

N. Interfund Transactions

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

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Use of Estimates

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

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues". These statements establish accounting and financial reporting standards for non-exchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from non-exchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 – RESTATEMENT OF FUND EQUITY

Fixed assets and accumulated depreciation in the enterprise funds decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$50,140, from \$182,678 to \$132,538, and accumulated depreciation decreased \$46,120, from \$145,202 to \$99,082. As a result of the restatement, retained earnings as previously reported as of June 30, 2000, decreased \$4,020, from (\$129,732) to (\$133,752), and the net loss as previously reported for the fiscal year ended June 30, 2000, increased from (\$11,130) to (\$15,150).

The fixed assets reported in the general fixed assets account group decreased \$1,423,145, from \$12,269,672 to \$10,846,527, due to the change in the threshold amount for capitalizing fixed assets.

NOTE 5 - ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings at June 30, 2001:

Fund Type/Fund	Deficit
Special Revenue Funds	
Economic Education	\$2,407
Career Education	991
Management Information Systems	6
Miscellaneous State	935
Adult Basic Literacy Education	46,497
Secondary Vocational Education	43,792
Enterprise Fund	
Lunchroom	160,794

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

The deficit retained earnings in the Lunchroom enterprise fund is the result of accumulated operating losses from prior years. The District is reviewing the operation of this fund.

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).

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

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$(457,568)	\$(27,551)	\$(20,275)	\$1,043,297	\$9,894
Revenue Accruals	171,052	(28,419)	0	(1,858)	0
Expenditure Accruals	60,843	24,853	0	(154,604)	86
Change in Fair Value	(5,625)	0	0	0	0
Prepaid Items	(10,918)	(6,546)	0	0	0
Advances In	300,850	101,250	0	0	0
Advances Out	(137,250)	(70,850)	0	(200,000)	0
Encumbrances	(155,712)	(80,952)	(5,174)	(334,098)	(157)
Budget Basis	\$(234,328)	\$(88,215)	\$(25,449)	\$352,737	\$9,823

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Net Income/Excess of Revenues Under Expenses,
Advances, and Transfers
Proprietary Fund Type

	Enterprise
GAAP Basis	\$5,894
Revenue Accruals	(429)
Expense Accruals	5,379
Inventory Held for Resale	(2,734)
Prepaid Items	(181)
Advances In	36,000
Advances Out	(30,000)
Depreciation Expense	3,731
Encumbrances	(28,206)
Budget Basis	\$(10,546)

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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2. Bonds, notes, debentures, or any other obligation or security 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 issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

At fiscal year end, the District had \$1,455 in undeposited cash on hand, which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the District's deposits was \$1,441,810 and the bank balance was \$1,956,834. Of the bank balance \$156,834 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$241,548	\$241,548	\$241,575
Federal Home Loan Bank Bonds	501,720	501,720	501,720
	\$743,268	743,268	743,295
STAR Ohio		907,920	907,920
Totals		\$1,651,188	\$1,651,215

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,094,453	\$0
Cash on Hand	(1,455)	0
Investments:		
Repurchase Agreements	(241,548)	241,548
Federal Home Loan Bank Bonds	(501,720)	501,720
STAR Ohio	(907,920)	907,920
GASB Statement No. 3	\$1,441,810	\$1,651,188

NOTE 8 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the area served by the District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes for calendar year 2001 are levied after April 1, 2000, on the assessed values as of

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January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes for calendar year 2001 were levied after April 1, 2001, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001 are available to finance fiscal year 2001 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, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal 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, 2001, was \$253,165 in the General Fund and \$9,072 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2000, was \$286,336 in the General Fund and \$7,214 in the Permanent Improvement capital projects fund.

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,203,273,500	71.35 %	\$1,293,786,030	72.28 %
Public Utility	117,237,770	6.95	119,554,530	6.68
Tangible Personal	365,925,743	21.27	376,682,524	21.04
Total Assessed Value	<u>\$1,686,434,013</u>	<u>100.00 %</u>	<u>\$1,790,023,084</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

Apollo Joint Vocational School District
Notes to the General Purpose Financial Statements
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NOTE 9 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, interfund, and accrued interest. 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. Student fees are not considered collectible in full. Those fees that are not considered collectible are written off by Board resolution. Accounts receivable at June 30 were \$128,831. A summary of the principal items of intergovernmental receivables follows:

	Amount
Special Revenue Funds:	
Economic Education	\$2,400
Career Education	9,477
Children's Trust	929
Adult Basic Literacy Education	51,979
Full Service Center	3,000
Secondary Vocational Education	31,425
Adult Vocational Education	12,151
Total Special Revenue Funds	111,361
Capital Projects Fund:	
Vocational Equipment Reimbursement	55,874
Enterprise Fund:	
Lunchroom Federal Reimbursement	251
Total Intergovernmental Receivables	\$167,486

NOTE 10 - FIXED ASSETS

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

Furniture and Equipment	\$156,378
Less Accumulated Depreciation	(102,813)
Net Fixed Assets	\$53,565

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

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land and Improvements	\$485,251	\$0	\$0	\$485,251
Buildings and Improvements	7,303,589	32,439	0	7,336,028
Furniture, Fixtures, and Equipment	2,849,379	309,403	85,943	3,072,839
Vehicles	208,308	42,338	0	250,646
Construction in Progress	0	12,500	0	12,500
Totals	\$10,846,527	\$396,680	\$85,943	\$11,157,264

NOTE 11 - INTERFUND ASSETS/LIABILITIES

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

	Interfund	
	Receivable	Payable
General Fund	\$137,250	\$0
Special Revenue Funds		
Economic Education	0	3,000
Tech Prep	0	250
Miscellaneous State	0	1,000
Adult Basic Literacy Education	0	47,000
Secondary Vocational Education	0	50,000
Total Special Revenue Funds	0	101,250
Enterprise Fund		
Uniform School Supply	0	36,000
Totals	\$137,250	\$137,250

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with Nationwide Insurance Company for general liability insurance having a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate limit. Property insurance is with Indiana Insurance and has a \$3,000 deductible.

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The District's vehicles are covered by the Indiana Insurance and have a \$250 deductible and a \$1,000,000 limit on any accident. Comprehensive insurance on all vehicles is covered by Indiana Union and have a \$250 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

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

The District participates in the Allen County Schools Health Benefits Plan (the Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. 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; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$372,415, \$224,380, and \$216,450, respectively; 86 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$50,458, is recorded as a liability within the respective funds.

B. 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. 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 an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 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 contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$41,572, \$51,588, and \$60,927, respectively; 94 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$2,507, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 14 - POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$176,407.

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

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$108,325 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of forty-five days.

B. Health Care Benefits

The District offers employee medical/surgical and dental benefits through the Allen County Schools Health Benefits Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

C. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

Apollo Joint Vocational School District
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NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2001 were as follows:

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Energy Conservation Loan 1997 0.000%	\$13,377	\$0	\$13,377	\$0
Energy Conservation Loan 1998 5.100%	12,072	0	6,898	5,174
Total Long-Term Obligations	25,449	0	20,275	5,174
Compensated Absences Payable	219,630	60,884	0	280,514
Intergovernmental Payable	7,647	9,395	7,647	9,395
Capital Leases Payable	7,172	0	3,443	3,729
Total General Long-Term Obligations	<u>\$259,898</u>	<u>\$70,279</u>	<u>\$31,365</u>	<u>\$298,812</u>

Energy Conservation Loans - In February, 1997, and March, 1998, Apollo District obtained interest-free loans, in the amount of \$89,181 and \$34,490, respectively, for providing energy conservation measures for the District. The loans were obtained under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a five-year period, with final maturity during fiscal year 2001 and 2002, respectively. The loans are being retired from the debt service fund.

Compensated absences and intergovernmental payables, representing the District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the Permanent Improvement capital projects fund.

The District's overall debt margin was \$161,102,078 with an unvoted debt margin of \$1,790,023 at June 30, 2001.

Principal requirements to retire the energy conservation loan outstanding at June 30, 2001, is \$5,174; due in fiscal year 2002.

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the combined financial statements for governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$23,898. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 were \$3,443 in the governmental funds.

Apollo Joint Vocational School District
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The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTOAG
2002	\$3,892
Less Amount Representing Interest	(163)
Present Value of Net Minimum Lease Payments	\$3,729

NOTE 18 - SET ASIDE REQUIREMENTS

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2000	\$(33,297)	\$0	\$117,431
Current Year Set Aside Requirement	154,305	154,305	(92,325)
Current Year Offsets	0	(154,305)	0
Qualifying Expenditures	(197,697)	0	0
Balance June 30, 2001	\$(76,689)	\$0	\$25,106

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and/or capital improvements set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the set asides at the end of the fiscal year was \$25,106.

Apollo Joint Vocational School District
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NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Apollo District as of and for the fiscal year ended June 30, 2001.

Description	Food Service	Uniform School Supply	Totals
Operating Revenues	\$205,319	\$62,161	\$267,480
Depreciation Expense	3,731	0	3,731
Operating Income (Loss)	4,330	(7,456)	(3,126)
Operating Grants	2,055	0	2,055
Operating Transfers In	5,500	0	5,500
Net Income (Loss)	12,403	(6,509)	5,894
Fixed Asset Additions	23,840	0	23,840
Current Contributed Capital	23,840	0	23,840
Net Working Capital	11,504	32,937	44,441
Total Assets	80,582	77,107	157,689
Total Equity	65,069	32,937	98,006
Encumbrances Outstanding at Year End (Budget Basis)	67	28,139	28,206

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

NOTE 21 - INSURANCE POOLS

A. NOACSC Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The NOACSC Workers' Compensation Group Rating Plan (the Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool.

The Safety Coordinator, Robert Lotz of NOACSC, or his designee serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Allen County Schools Health Benefits Plan

The District participates in the Allen County Schools Health Benefits Plan (the Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each school district decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, 204 North Main Street, Lima, Ohio 45801.

NOTE 22 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

There are currently no matters in litigation with the District as defendant.

NOTE 23 - SUBSEQUENT EVENT

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

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

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

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of November 5, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. As of the date of these financial statements, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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

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

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 9, 2001

To the Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

**Independent Auditor's
Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, 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.

Hea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 9, 2001

Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

**Independent Auditor's
Report on Compliance with
Requirements Applicable to Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Apollo Joint Vocational School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the Board of Education, management, 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.

Rea & Associates, Inc.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards-Budgetary Basis
For the Fiscal Year Ended June 30, 2001

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
U.S. Department of Education				
(Direct Program):				
Pell Grant	84.063	00-01	\$ 78,575	\$ 78,575
Pell Grant	84.063	99-00	235	235
<i>Total Pell Grant</i>			<u>78,810</u>	<u>78,810</u>
(Passed Through Ohio Department of Education):				
Adult Combined Education	84.002	AB-S1-00	0	43,496
Adult Combined Education	84.002	AB-S1-01	13,973	13,973
<i>Total Adult Combined Education</i>			<u>13,973</u>	<u>57,469</u>
Vocational Education	84.048	CPII-S01-001	178,079	208,678
Vocational Education	84.048	CPII-S00-001	29,480	12,312
Vocational Education	84.048	CPII-A01-001	68,855	81,006
Vocational Education	84.048	CPII-A00-001	11,990	7,194
<i>Total Vocational Education</i>			<u>288,404</u>	<u>309,190</u>
Eisenhower Prof. Dev. State Grant	84.281	MS-S1-2001P	1,203	0
<i>Total Eisenhower Prof. Dev. State Grant</i>			<u>1,203</u>	<u>0</u>
Innovative Education Program Strategies	84.298	CS-S1-01	2,787	2,787
Innovative Education Program Strategies	84.298	CS-S1-00	1,724	0
<i>Total Innovative Education Program Strategies</i>			<u>4,511</u>	<u>2,787</u>
Total U.S. Department of Education			<u>386,901</u>	<u>448,256</u>
U.S. Department of Agriculture				
(Passed Through Ohio Department of Education):				
Special Milk Program	10.556	02-PU-01	1,981	1,981
<i>Total Special Milk Program</i>			<u>1,981</u>	<u>1,981</u>
Total U.S. Department of Agriculture			<u>1,981</u>	<u>1,981</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 388,882</u></u>	<u><u>\$ 450,237</u></u>

See Accompanying Notes to the General Purpose Financial Statements
See Accountant's Audit Report

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
OMB Circular A-133, Section .505
June 30, 2001

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) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Vocational Education, 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 were noted

3. Findings and Questioned Costs for Federal Awards

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

ALLEN 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
JANUARY 22, 2002**