



**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT  
DELAWARE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Delaware Joint Vocational School District  
Delaware County  
4565 Columbus Pike  
Delaware, Ohio 43015

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

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

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

As described in Notes 3 and 4 to the general purpose financial statements, the District adopted *Governmental Accounting Standards Board Statements 33 and 36* as of and for the year ended June 30, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**JIM PETRO**  
Auditor of State

December 18, 2001

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Delaware 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	\$2,666,021	\$100,936	\$383,333	\$506,920
Receivables:				
Property Taxes	5,166,458	0	0	1,679,568
Accounts	2,186	1,326	0	0
Intergovernmental	11,789	82,521	0	28,176
Accrued Interest	6,348	0	0	0
Interfund	77,637	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Items	17,904	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	68,196	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	78,935	0	0	0
Advances to Other Funds	94,142	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 Obligation Debt				
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	\$8,189,616	\$184,783	\$383,333	\$2,214,664



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$67,553	\$11,852	\$0	\$0	\$3,736,615
0	0	0	0	6,846,026
9,329	0	0	0	12,841
28,953	0	0	0	151,439
0	0	0	0	6,348
0	0	0	0	77,637
2,782	0	0	0	2,782
0	0	0	0	17,904
8,781	0	0	0	8,781
1,411	0	0	0	69,607
0	0	0	0	78,935
0	0	0	0	94,142
43,192	0	10,027,753	0	10,070,945
			383,333	383,333
0	0	0	996,402	996,402
<u>\$162,001</u>	<u>\$11,852</u>	<u>\$10,027,753</u>	<u>\$1,379,735</u>	<u>\$22,553,737</u>

(continued)

Delaware Joint Vocational School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001  
 (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$60,522	\$11,955	\$0	\$7,802
Accrued Wages and Benefits	534,676	26,527	0	0
Compensated Absences Payable	12,140	0	0	0
Intergovernmental Payable	120,340	4,206	0	4,500
Interfund Payable	0	65,600	0	0
Due to Other Funds	1,895	887	0	0
Due to Students	0	0	0	0
Deferred Revenue	4,203,989	29,850	0	1,400,204
Accrued Interest Payable	0	0	0	10,657
Notes Payable	0	0	0	610,000
Advances from Other Funds	0	0	0	0
Building Assistance Loan Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	<u>4,933,562</u>	<u>139,025</u>	<u>0</u>	<u>2,033,163</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	962,919	0	0	307,540
Reserved for Inventory	68,196	0	0	0
Reserved for Textbooks	29,833	0	0	0
Reserved for Budget Stabilization	49,102	0	0	0
Reserved for Advances	94,142	0	0	0
Reserved for Encumbrances	92,274	42,709	0	191,719
Unreserved (Deficit)	<u>1,959,588</u>	<u>3,049</u>	<u>383,333</u>	<u>(317,758)</u>
Total Fund Equity (Deficit) and Other Credits	<u>3,256,054</u>	<u>45,758</u>	<u>383,333</u>	<u>181,501</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$8,189,616</u>	<u>\$184,783</u>	<u>\$383,333</u>	<u>\$2,214,664</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$4,317	\$0	\$0	\$0	\$84,596
17,691	0	0	0	578,894
33,345	0	0	420,309	465,794
11,571	0	0	3,340	143,957
10,045	1,992	0	0	77,637
0	0	0	0	2,782
0	9,860	0	0	9,860
147	0	0	0	5,634,190
0	0	0	0	10,657
0	0	0	0	610,000
94,142	0	0	0	94,142
0	0	0	383,334	383,334
0	0	0	415,000	415,000
0	0	0	157,752	157,752
<u>171,258</u>	<u>11,852</u>	<u>0</u>	<u>1,379,735</u>	<u>8,668,595</u>
0	0	10,027,753	0	10,027,753
(58,476)	0	0	0	(58,476)
49,219	0	0	0	49,219
0	0	0	0	1,270,459
0	0	0	0	68,196
0	0	0	0	29,833
0	0	0	0	49,102
0	0	0	0	94,142
0	0	0	0	326,702
0	0	0	0	2,028,212
<u>(9,257)</u>	<u>0</u>	<u>10,027,753</u>	<u>0</u>	<u>13,885,142</u>
<u>\$162,001</u>	<u>\$11,852</u>	<u>\$10,027,753</u>	<u>\$1,379,735</u>	<u>\$22,553,737</u>

Delaware Joint Vocational School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Capital Projects	Totals (Memorandum Only)
	General	Special Revenue	Debt Service		
<u>Revenues:</u>					
Property Taxes	\$5,097,774	\$0	\$0	\$1,664,323	\$6,762,097
Intergovernmental	3,552,735	1,090,007	0	231,439	4,874,181
Interest	183,745	652	0	0	184,397
Tuition and Fees	41,532	9,810	0	0	51,342
Rent	55,517	0	0	0	55,517
Extracurricular Activities	0	5,848	0	0	5,848
Gifts and Donations	0	146,490	0	0	146,490
Miscellaneous	46,553	0	0	0	46,553
Total Revenues	<u>8,977,856</u>	<u>1,252,807</u>	<u>0</u>	<u>1,895,762</u>	<u>12,126,425</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	721,744	0	0	0	721,744
Vocational	3,590,063	791,336	0	0	4,381,399
Adult/Continuing	10,727	89,968	0	0	100,695
Support Services:					
Pupils	281,985	95,356	0	0	377,341
Instructional Staff	210,089	86,478	0	0	296,567
Board of Education	35,478	0	0	0	35,478
Administration	1,173,500	126,470	0	0	1,299,970
Fiscal	446,575	0	0	66,170	512,745
Operation and Maintenance of Plant	1,000,878	0	0	0	1,000,878
Pupil Transportation	220	0	0	0	220
Central	50,563	48,613	0	4,500	103,676
Non-Instructional Services	0	52	0	0	52
Extracurricular Activities	5,286	11,559	0	0	16,845
Capital Outlay	65,241	0	0	575,782	641,023
Debt Service:					
Principal Retirement	14,211	0	93,333	74,898	182,442
Interest and Fiscal Charges	4,636	0	24,225	41,207	70,068
Total Expenditures	<u>7,611,196</u>	<u>1,249,832</u>	<u>117,558</u>	<u>762,557</u>	<u>9,741,143</u>
Excess of Revenues Over (Under) Expenditures	<u>1,366,660</u>	<u>2,975</u>	<u>(117,558)</u>	<u>1,133,205</u>	<u>2,385,282</u>
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	0	500,891	0	500,891
Operating Transfers Out	(232,810)	0	0	(416,666)	(649,476)
Inception of Capital Lease	65,241	0	0	149,674	214,915
Total Other Financing Sources (Uses)	<u>(167,569)</u>	<u>0</u>	<u>500,891</u>	<u>(266,992)</u>	<u>66,330</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,199,091	2,975	383,333	866,213	2,451,612
Fund Balances (Deficit) at Beginning of Year - Restated Note 4	2,056,599	42,783	0	(684,712)	1,414,670
Increase in Reserve for Inventory	364	0	0	0	364
Fund Balances at End of Year	<u>\$3,256,054</u>	<u>\$45,758</u>	<u>\$383,333</u>	<u>\$181,501</u>	<u>\$3,866,646</u>

See Accompanying Notes to the General Purpose Financial Statements

Delaware Joint Vocational School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types  
 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)
<b>Revenues:</b>						
Property Taxes	\$4,685,744	\$4,713,351	\$27,607	\$0	\$0	\$0
Intergovernmental	3,232,276	3,552,735	320,459	1,122,440	1,093,994	(28,446)
Interest	160,000	179,019	19,019	250	652	402
Tuition and Fees	30,168	41,432	11,264	1,000	8,350	7,350
Rent	49,703	55,517	5,814	0	0	0
Extracurricular Activities	0	0	0	10,900	5,848	(5,052)
Gifts and Donations	0	0	0	191,000	146,490	(44,510)
Miscellaneous	4,553	19,076	14,523	5,000	0	(5,000)
<b>Total Revenues</b>	<b>8,162,444</b>	<b>8,561,130</b>	<b>398,686</b>	<b>1,330,590</b>	<b>1,255,334</b>	<b>(75,256)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	753,242	683,281	69,961	0	0	0
Vocational	3,730,524	3,594,303	136,221	844,816	823,448	21,368
Adult/Continuing	25,171	21,092	4,079	92,589	90,853	1,736
<b>Support Services:</b>						
Pupils	321,889	276,192	45,697	96,992	96,809	183
Instructional Staff	219,868	213,624	6,244	105,443	96,609	8,834
Board of Education	41,863	39,383	2,480	0	0	0
Administration	1,202,922	1,190,652	12,270	134,732	130,250	4,482
Fiscal	496,259	460,539	35,720	0	0	0
Operation and Maintenance of Plant	1,073,934	1,059,312	14,622	0	0	0
Pupil Transportation	2,785	2,434	351	96	0	96
Central	50,615	50,611	4	59,178	58,518	660
Non-Instructional Services	0	0	0	8,145	145	8,000
Extracurricular Activities	8,515	7,323	1,192	15,430	13,204	2,226
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>7,927,587</b>	<b>7,598,746</b>	<b>328,841</b>	<b>1,357,421</b>	<b>1,309,836</b>	<b>47,585</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>234,857</b>	<b>962,384</b>	<b>727,527</b>	<b>(26,831)</b>	<b>(54,502)</b>	<b>(27,671)</b>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	40,000	42,277	2,277	0	0	0
Advances In	112,394	112,394	0	0	65,600	65,600
Advances Out	(123,169)	(75,645)	47,524	(90,254)	(90,254)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(232,810)	(232,810)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(203,585)</b>	<b>(153,784)</b>	<b>49,801</b>	<b>(90,254)</b>	<b>(24,654)</b>	<b>65,600</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>31,272</b>	<b>808,600</b>	<b>777,328</b>	<b>(117,085)</b>	<b>(79,156)</b>	<b>37,929</b>
Fund Balances at Beginning of Year	1,597,313	1,597,313	0	46,863	46,863	0
Prior Year Encumbrances Appropriated	181,767	181,767	0	84,541	84,541	0
<b>Fund Balances at End of Year</b>	<b>\$1,810,352</b>	<b>\$2,587,680</b>	<b>\$777,328</b>	<b>\$14,319</b>	<b>\$52,248</b>	<b>\$37,929</b>

(continued)

Delaware Joint Vocational School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001  
 (continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$0	\$0	\$0	\$1,536,377	\$1,545,055	\$8,678
Intergovernmental	0	0	0	215,384	231,439	16,055
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,751,761</u>	<u>1,776,494</u>	<u>24,733</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	0	0	0
Vocational	0	0	0	495,721	446,582	49,139
Adult/Continuing	0	0	0	0	0	0
<b>Support Services:</b>						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	66,895	66,170	725
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	416,806	253,367	163,439
<b>Debt Service:</b>						
Principal Retirement	703,333	703,333	0	0	0	0
Interest and Fiscal Charges	72,446	71,553	893	0	0	0
Total Expenditures	<u>775,779</u>	<u>774,886</u>	<u>893</u>	<u>979,422</u>	<u>766,119</u>	<u>213,303</u>
Excess of Revenues Over (Under) Expenditures	<u>(775,779)</u>	<u>(774,886)</u>	<u>893</u>	<u>772,339</u>	<u>1,010,375</u>	<u>238,036</u>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	1,158,219	1,158,219	0	0	0	0
Operating Transfers Out	0	0	0	(1,074,887)	(1,073,994)	893
Total Other Financing Sources (Uses)	<u>1,158,219</u>	<u>1,158,219</u>	<u>0</u>	<u>(1,074,887)</u>	<u>(1,073,994)</u>	<u>893</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	382,440	383,333	893	(302,548)	(63,619)	238,929
Fund Balances at Beginning of Year	0	0	0	337,607	337,607	0
Prior Year Encumbrances Appropriated	0	0	0	36,385	36,385	0
Fund Balances at End of Year	<u>\$382,440</u>	<u>\$383,333</u>	<u>\$893</u>	<u>\$71,444</u>	<u>\$310,373</u>	<u>\$238,929</u>

See Accompanying Notes to the General Purpose Financial Statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$6,222,121	\$6,258,406	\$36,285
4,570,100	4,878,168	308,068
160,250	179,671	19,421
31,168	49,782	18,614
49,703	55,517	5,814
10,900	5,848	(5,052)
191,000	146,490	(44,510)
9,553	19,076	9,523
<u>11,244,795</u>	<u>11,592,958</u>	<u>348,163</u>
753,242	683,281	69,961
5,071,061	4,864,333	206,728
117,760	111,945	5,815
418,881	373,001	45,880
325,311	310,233	15,078
41,863	39,383	2,480
1,337,654	1,320,902	16,752
563,154	526,709	36,445
1,073,934	1,059,312	14,622
2,881	2,434	447
109,793	109,129	664
8,145	145	8,000
23,945	20,527	3,418
416,806	253,367	163,439
703,333	703,333	0
72,446	71,553	893
<u>11,040,209</u>	<u>10,449,587</u>	<u>590,622</u>
<u>204,586</u>	<u>1,143,371</u>	<u>938,785</u>
40,000	42,277	2,277
112,394	177,994	65,600
(213,423)	(165,899)	47,524
1,158,219	1,158,219	0
(1,307,697)	(1,306,804)	893
<u>(210,507)</u>	<u>(94,213)</u>	<u>116,294</u>
(5,921)	1,049,158	1,055,079
1,981,783	1,981,783	0
302,693	302,693	0
<u>\$2,278,555</u>	<u>\$3,333,634</u>	<u>\$1,055,079</u>

Delaware Joint Vocational School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Equity  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

<u>Operating Revenues:</u>	
Tuition	\$283,917
Sales	177,944
Charges for Services	124,994
Total Operating Revenues	<u>586,855</u>
 <u>Operating Expenses:</u>	
Salaries	507,719
Fringe Benefits	126,463
Purchased Services	8,240
Materials and Supplies	128,362
Cost of Sales	109,476
Depreciation	6,454
Total Operating Expenses	<u>886,714</u>
 Operating Loss	 <u>(299,859)</u>
 <u>Non-Operating Revenues (Expenses):</u>	
Federal Donated Commodities	2,488
Operating Grants	177,834
Loss on Disposal of Fixed Assets	(728)
Total Non-Operating Revenues (Expenses)	<u>179,594</u>
 Loss before Operating Transfers	 (120,265)
 Operating Transfers In	 <u>148,585</u>
 Net Income	 28,320
 Retained Earnings (Deficit) at Beginning of Year	 <u>(86,796)</u>
 Retained Earnings (Deficit) at End of Year	 <u>(58,476)</u>
 Contributed Capital at Beginning of Year	 43,042
Contributed from Other Funds	6,177
Contributed Capital at End of Year	<u>49,219</u>
Total Fund Equity (Deficit) at End of Year	<u><u>(\$9,257)</u></u>

See Accompanying Notes to the General Purpose Financial Statements



Delaware Joint Vocational School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$195,000	\$259,006	\$64,006
Sales	161,260	171,449	10,189
Charges for Services	165,829	125,697	(40,132)
Operating Grants	169,900	176,576	6,676
Total Revenues	<u>691,989</u>	<u>732,728</u>	<u>40,739</u>
<u>Expenses:</u>			
Salaries	507,704	503,257	4,447
Fringe Benefits	123,526	121,878	1,648
Purchased Services	11,903	9,912	1,991
Materials and Supplies	323,378	284,418	38,960
Total Expenses	<u>966,511</u>	<u>919,465</u>	<u>47,046</u>
Excess of Revenues Under Expenses	(274,522)	(186,737)	87,785
Advances In	0	10,045	10,045
Advances Out	(22,140)	(22,140)	0
Operating Transfers In	<u>231,739</u>	<u>148,585</u>	<u>(83,154)</u>
Excess of Revenues Under Expenses, Advances, and Transfers	(64,923)	(50,247)	14,676
Fund Balances at Beginning of Year	56,945	56,945	0
Prior Year Encumbrances Appropriated	<u>34,588</u>	<u>34,588</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$26,610</u></u>	<u><u>\$41,286</u></u>	<u><u>\$14,676</u></u>

See Accompanying Notes to the General Purpose Financial Statements

Delaware Joint Vocational School District  
 Combined Statement of Cash Flows  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Tuition	\$259,006
Cash Received from Customers	297,146
Cash Payments for Salaries	(503,257)
Cash Payments for Fringe Benefits	(121,818)
Cash Payments for Goods and Services	(268,123)
Net Cash Used for Operating Activities	<u>(337,046)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	176,576
Cash Received from Advances In	10,045
Cash Payments for Advances Out	(22,140)
Cash Received from Operating Transfers In	148,585
Net Cash Provided by Noncapital Financing Activities	<u>313,066</u>

Net Decrease in Cash and Cash Equivalents	(23,980)
Cash and Cash Equivalents at Beginning of Year	91,533
Cash and Cash Equivalents at End of Year	<u><u>\$67,553</u></u>

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss	(\$299,859)
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Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Depreciation	6,454
Donated Commodities Used During Year	2,488
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(3,310)
Increase in Intergovernmental Receivable	(24,891)
Increase in Due from Other Funds	(2,482)
Decrease in Prepaid Items	3,217
Increase in Inventory Held for Resale	(8,634)
Increase in Materials and Supplies Inventory	(1,411)
Decrease in Accounts Payable	(14,701)
Increase in Accrued Wages and Benefits	2,492
Increase in Compensated Absences Payable	4,430
Decrease in Intergovernmental Payable	(839)
Net Cash Used for Operating Activities	<u><u>(\$337,046)</u></u>

Non-Cash Capital Transaction

During fiscal year 2001, the Food Service enterprise fund received fixed assets that were purchased in the School District's governmental funds, in the amount of \$6,177.

See Accompanying Notes to the General Purpose Financial Statements

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

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Delaware Joint Vocational School District (the “School 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 School District exposes students to job training skills leading to employment upon graduation from high school.

The School District was established in 1972. The School District serves Delaware and the surrounding counties. It is staffed by sixty-two classified employees, seventy-seven certified teaching personnel, and ten administrative employees who provide services to seven hundred fourteen students and other community members. The School District currently operates two instructional/administration buildings.

**Reporting Entity**

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

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

The School District participates in the Tri-Rivers Educational Computer Association (TRECA), a jointly governed organization, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan, an insurance pool. These organizations are presented in Notes 21 and 22 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation - Fund Accounting**

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

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

For financial statement presentation purposes, the various funds of the School 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 School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term 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).

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Proprietary Fund Type

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School 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 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 School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are agency funds, which 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 School District, except those accounted for in proprietary funds.

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

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. The full accrual basis of accounting is followed for the enterprise funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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 School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. 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 in the fiscal year in which all eligibility requirements have been satisfied. 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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, student fees, and rent.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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 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 are made by the School 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 Delaware 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 School 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 School 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.

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution 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 School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

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, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. 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. 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 reported in the notes to the financial statements for the enterprise funds.

**Lapsing of Appropriations**

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

**D. Cash and Investments**

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

During fiscal year 2001, investments were limited to repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. 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.



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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 \$183,745, which included \$35,000 assigned from other School 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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. 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.

**F. Inventory**

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

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials and 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 enterprise 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 School District maintains a capitalization threshold of two hundred fifty dollars. The School 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 enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as “Interfund Receivables/Payables”. Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “Due from/to Other Funds”. Long-term interfund loans are classified as “Advances to/from Other Funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District’s termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

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. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**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. Long-term loans and capital leases are reported as liabilities in the general long-term obligations account group until due.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date 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**

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

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.

**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 nonroutine 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.

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” and Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues”. These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange 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.

**NOTE 4 - RESTATEMENT OF FUND EQUITY**

The restatement for GASB Statements No. 33 and No. 36 had the following effect on fund balance as previously reported as of June 30, 2000.

	Special Revenue
Fund Balance as Previously Reported	\$27,783
Intergovernmental Receivable	15,000
Restated Fund Balance at June 30, 2000	\$42,783

The restatement had the following effect on the excess of revenues under expenditures and other financing uses as previously reported for the fiscal year ended June 30, 2000.

	Special Revenue
Excess as Previously Reported	(\$156,300)
Intergovernmental Receivable	15,000
Restated Amount for the Fiscal Year Ended June 30, 2000	(\$141,300)

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

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**NOTE 5 - ACCOUNTABILITY**

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

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Career Education	\$7,691
Miscellaneous State Grants	1,149
Adult Basic Education - State (ABLE)	1,983
Vocational Education Planning District (VEPD)	6,433
Enterprise Fund	
Adult Education	110,525

The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

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

**NOTE 6 - BUDGETARY BASIS OF ACCOUNTING**

While the School 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 (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Enterprise Funds 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 as note disclosure in the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays tax anticipation debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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**NOTE 6 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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 Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$1,199,091	\$2,975	\$383,333	\$866,213
<b><u>Increase (Decrease) Due To:</u></b>				
Revenue Accruals:				
Accrued FY 2000, Received in Cash FY 2001	593,996	54,626	0	188,272
Accrued FY 2001, Not Yet Received in Cash	(968,445)	(52,099)	0	(307,540)
Expenditure Accruals:				
Accrued FY 2000, Paid in Cash FY 2001	(641,072)	(57,507)	0	(26,976)
Accrued FY 2001, Not Yet Paid in Cash	715,437	41,677	0	22,959
Prepaid Items	30,120	4,514	0	0
Note Principal Retirement	0	0	(610,000)	0
Note Interest	0	0	(47,328)	47,328
Advances In	112,394	65,600	0	0
Advances Out	(75,645)	(90,254)	0	0
Reallocation of Debt Activity	0	0	657,328	(657,328)
Encumbrances Outstanding at Year End (Budget Basis)	(157,276)	(48,688)	0	(196,547)
Budget Basis	<u>\$808,600</u>	<u>(\$79,156)</u>	<u>\$383,333</u>	<u>(\$63,619)</u>

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

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**NOTE 6 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Net Income/Excess of Revenues Under Expenses, Advances, and Transfers Enterprise Funds	
GAAP Basis	\$28,320
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2000, Received in Cash FY 2001	9,103
Accrued FY 2001, Not Yet Received in Cash	(41,064)
Expense Accruals:	
Accrued FY 2000, Paid in Cash FY 2001	(75,522)
Accrued FY 2001, Not Yet Paid in Cash	66,924
Prepaid Items	3,217
Inventory Held for Resale	(8,634)
Materials and Supplies Inventory	(1,411)
Depreciation Expense	6,454
Loss on Disposal of Fixed Assets	728
Advances In	10,045
Advances Out	(22,140)
Encumbrances Outstanding at Year End (Budget Basis)	(26,267)
Budget Basis	<u><u>(\$50,247)</u></u>

**NOTE 7 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits 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.

Delaware Joint Vocational School District  
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**NOTE 7 - DEPOSITS AND INVESTMENTS** (continued)

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 School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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;
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 issuances 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).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through 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 School District had \$3,073 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".



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

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**NOTE 7 - DEPOSITS AND INVESTMENTS** (continued)

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 School District's deposits was (\$199,884) and the bank balance was \$60,737. The entire bank balance was covered by federal depository insurance.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$2,425,000	\$2,425,000	\$2,425,192
STAR Ohio		1,587,361	1,587,361
Totals		\$4,012,361	\$4,012,553

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	\$3,815,550	\$0
Cash on Hand	(3,073)	0
Investments:		
Repurchase Agreements	(2,425,000)	2,425,000
STAR Ohio	(1,587,361)	1,587,361
GASB Statement No. 3	(\$199,884)	\$4,012,361

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

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**NOTE 8 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School 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 School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of 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 received in 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 received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. 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 School District receives property taxes from Delaware, Franklin, Marion, Morrow, and Union Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the 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 and is recognized as revenue at year end. The receivable is 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 \$962,919 in the General Fund and \$307,540 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2000, was \$578,433 in the General Fund and \$188,249 in the Permanent Improvement capital projects fund.

Accrued property taxes receivable also includes amounts for any late tax settlements made by the Counties. In fiscal year 2000, this amount was \$63 in the General Fund and \$23 in the Permanent Improvement capital projects fund.

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

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**NOTE 8 - PROPERTY TAXES** (continued)

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural and Residential and Other Real Estate	\$2,095,680,440	87.49%	\$2,328,481,490	87.68%
Public Utility	116,752,470	4.88	112,951,080	4.25
Tangible Personal	182,780,812	7.63	214,239,714	8.07
Total Assessed Value	<u>\$2,395,213,722</u>	<u>100.00%</u>	<u>\$2,655,672,284</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.40		\$3.40	

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, interfund, and charges to other funds for services provided. 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. Accounts receivable at June 30 were \$12,841. A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Miscellaneous	\$11,789
Special Revenue Funds	
Jobs for Ohios' Graduates	49,043
CCRC	1,460
Career Education	8,014
Adult Basic Education - State (ABLE)	572
Eisenhower	122
Vocational Education Planning District (VEPD)	19,630
Title VI	3,680
Total Special Revenue Funds	<u>82,521</u>
Capital Projects Fund	
Vocational Equipment Subsidy	<u>28,176</u>

(continued)

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

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**NOTE 9 - RECEIVABLES** (continued)

	Amount
Enterprise Funds	
Food Service	
Reimbursement	\$2,575
Adult Education	
Adult Education	24,911
Adult General Education Degree	1,467
Total Enterprise Funds	28,953
Total Intergovernmental Receivables	\$151,439

**NOTE 10 - FIXED ASSETS**

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

Furniture and Equipment	\$113,967
Less Accumulated Depreciation	(70,775)
Net Fixed Assets	\$43,192

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	\$852,254	\$0	\$0	\$852,254
Buildings and Improvements	6,041,299	0	0	6,041,299
Furniture, Fixtures, and Equipment	2,802,201	538,943	206,944	3,134,200
Totals	\$9,695,754	\$538,943	\$206,944	\$10,027,753

Delaware Joint Vocational School District  
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**NOTE 11 - INTERFUND ASSETS/LIABILITIES**

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

<u>Fund Type/Fund</u>	<u>Receivable</u>			<u>Payable</u>		
	<u>Interfund</u>	<u>Due from</u>	<u>Advances to</u>	<u>Interfund</u>	<u>Due to</u>	<u>Advances from</u>
General Fund	\$77,637	\$0	\$94,142	\$0	\$1,895	\$0
Special Revenue Funds						
Support Services	0	0	0	36,360	201	0
Jobs for Ohios' Graduates				0	686	0
Career Education	0	0	0	8,014	0	0
Vocational Educational Planning District (VEPD)	0	0	0	19,630	0	0
Title VI	0	0	0	1,596	0	0
Total Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,600</u>	<u>887</u>	<u>0</u>
Enterprise Funds						
Food Service	0	2,752	0	0	0	0
Special Services	0	0	0	10,045	0	0
Adult Education	0	30	0	0	0	94,142
Total Enterprise Funds	<u>0</u>	<u>2,782</u>	<u>0</u>	<u>10,045</u>	<u>0</u>	<u>94,142</u>
Agency Fund						
Student Activities	0	0	0	1,992	0	0
Total All Funds	<u>\$77,637</u>	<u>\$2,782</u>	<u>\$94,142</u>	<u>\$77,637</u>	<u>\$2,782</u>	<u>\$94,142</u>

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

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**NOTE 12 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverage from Meadowbrook Insurance.

Automobile Liability	
Comprehensive (\$100 deductible)	\$1,000,000
Collision (\$250 deductible)	1,000,000
Uninsured Motorist	1,000,000
Medical Payments Per Person	5,000
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000
Buildings and Contents/Boiler and Machinery (\$500 deductible)	19,723,189

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.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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 Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School 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.

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

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS** (continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School 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 School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$419,174, \$225,978, and \$232,803 respectively; 84 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 \$66,856, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School 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 School 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$70,501, \$79,225, and \$100,804 respectively; 99 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 \$108, is recorded as a liability within the respective funds and the general long-term obligations account group.

**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, one of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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.

Delaware Joint Vocational School District  
Notes to the General Purpose Financial Statements  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS** (continued)

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 School District, this amount equaled \$198,556.

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.

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 School District, the amount to fund health care benefits, including the surcharge, was \$170,297 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 benefits is derived from negotiated agreements and State laws. Classified employees earn ten to fifteen 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-half days per month. Sick leave may be accumulated up to a maximum of one hundred sixty 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 eighty days.



Delaware Joint Vocational School District  
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**NOTE 15 - OTHER EMPLOYEE BENEFITS** (continued)

**B. Health Care Benefits**

The School District offers health insurance to most employees through United Health Care of Ohio. Dental insurance is offered through Metlife, and life insurance is offered through Fortis. Vision Insurance is offered through Medical Benefits Mutual Life Insurance Company. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

**NOTE 16 - NOTES PAYABLE**

On October 15, 1996, the School District issued tax anticipation notes, in the amount of \$3,050,000, to acquire and renovate a building to be used for instructional purposes. The notes have an interest rate of 5.27 percent. The notes mature on September 1, 2001, and are being repaid from a portion of a .9 mill permanent improvement levy. During fiscal year 2001, principal was retired, in the amount of \$610,000.

Principal and interest requirements to retire the tax anticipation notes are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$610,000	\$16,073	\$626,073

**NOTE 17 - LONG-TERM OBLIGATIONS**

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

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Building Assistance Loan 1997 0.000%	\$416,667	\$0	\$33,333	\$383,334
Energy Conservation Loan 1998 5.100%	475,000	0	60,000	415,000
Total Long-Term Obligations	891,667	0	93,333	798,334
Compensated Absences Payable	386,469	33,840	0	420,309
Intergovernmental Payable	3,979	3,340	3,979	3,340
Capital Leases Payable	51,581	214,915	108,744	157,752
Total General Long-Term Obligations	\$1,333,696	\$252,095	\$206,056	\$1,379,735

FY 1997 Building Assistance Loan - On May 19, 1997, the School District obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan is being retired through the Debt Service Fund.

Delaware Joint Vocational School District  
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For the Fiscal Year Ended June 30, 2001

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**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

FY 1998 Energy Conservation Loan - On July 17, 1997, the School District obtained a loan, in the amount of \$628,839, for providing energy conservation for the School District. The loan was obtained under the authority of Ohio Revised Section 3317.372, for a nine year period, with final maturity during fiscal year 2007. The loan is being retired through the Debt Service Fund.

Compensated absences and intergovernmental payables, representing the School 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 General Fund and the Permanent Improvement capital projects fund.

The School District's overall debt margin was \$238,400,505 with an unvoted debt margin of \$2,655,671 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$93,334	\$21,164	\$114,498
2003	98,334	18,105	116,439
2004	98,333	14,790	113,123
2005	103,333	11,475	114,808
2006	108,334	7,905	116,239
2007-2011	246,666	4,080	250,746
2012-2013	50,000	0	50,000
Total	<u>\$798,334</u>	<u>\$77,519</u>	<u>\$875,853</u>

**NOTE 18 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The School 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. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. 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 \$465,990. 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 \$89,109 in the governmental funds. During fiscal year 2001, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$19,635.

Delaware Joint Vocational School District  
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**NOTE 18 - CAPITALIZED LEASES - LESSEE DISCLOSURE** (continued)

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	\$102,919
2003	23,484
2004	23,484
2005	17,223
2006	10,705
Total	177,815
Less Amount Representing Interest	(20,063)
Present Value of Net Minimum Lease Payments	\$157,752

**NOTE 19 - SET ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School 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	\$36,204	\$0	\$113,625
Current Year Set Aside Requirement	194,667	194,667	0
Legislative Reduction	0	0	(64,523)
Current Year Offsets	0	(194,667)	0
Qualifying Expenditures	(201,038)	0	0
Set Aside Reserve Balance June 30, 2001	\$29,833	\$0	\$49,102

The total reserve balance for set asides at the end of the fiscal year was \$78,935.

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

**NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, special services, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Delaware Joint Vocational School District as of and for the fiscal year ended June 30, 2001.

Description	Food Service	Uniform School Supplies	Special Services	Adult Education	Totals
Operating Revenues	\$116,071	\$32,251	\$124,994	\$313,539	\$586,855
Depreciation Expense	6,454	0	0	0	6,454
Operating Loss	(73,831)	(2,120)	(8,191)	(215,717)	(299,859)
Federal Donated Commodities	2,488	0	0	0	2,488
Operating Grants	12,538	0	0	165,296	177,834
Operating Transfers In	66,874	6,200	14,753	60,758	148,585
Net Income	7,340	4,082	6,561	10,337	28,320
Fixed Asset Additions	6,177	0	0	0	6,177
Fixed Asset Reductions	6,021	0	0	0	6,021
Current Contributed Capital Other Funds	6,177	0	0	0	6,177
Net Working Capital	14,616	10,647	34,312	14,417	73,992
Total Assets	69,481	10,647	52,013	29,860	162,001
Total Equity	56,308	10,647	34,312	(110,524)	(9,257)
Encumbrances Outstanding at Year End (Budget Basis)	5,459	611	17,186	3,011	26,267

**NOTE 21 - JOINTLY GOVERNED ORGANIZATION**

**Tri-Rivers Educational Computer Association** - The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**NOTE 22 - INSURANCE POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan** - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 23 - CONTINGENT LIABILITIES**

**A. Grants**

The School 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 School District at June 30, 2001.

**B. Litigation**

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

**NOTE 24 - STATE SCHOOL FUNDING DECISION**

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

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution 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.

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

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**NOTE 24 - STATE SCHOOL FUNDING DECISION** (continued)

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of December 7, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Delaware Joint Vocational School District  
Delaware County  
4565 Columbus Pike  
Delaware, Ohio 43015

We have audited the general purpose financial statements of the Delaware Joint Vocational School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001, wherein we noted the District adopted *Governmental Accounting Standards Board Statements 33 and 36*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 18, 2001.

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

**JIM PETRO**  
Auditor of State

December 18, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT**

**DELAWARE 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 3, 2002**