

**Lorain County Joint Vocational School District
Audited Financial Statements
and Single Audit**

Fiscal Year Ended June 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Education
Lorain County Joint Vocational School
15181 Route 58 South
Oberlin, Ohio 44074

We have reviewed the independent auditor's report of the Lorain County Joint Vocational School, Lorain County, prepared by Hausser + Taylor LLP, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 10, 2002

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LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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Independent Auditor's Report

To the Board of Education
Lorain County Joint Vocational School District
Lorain County
15181 State Route 58
Oberlin, Ohio 44074

We have audited the accompanying general purpose financial statements of the Lorain County Joint Vocational School District (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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Lorain County Joint Vocational School District, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13 2001, on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Hausser + Taylor LLP

Canton, Ohio
November 13, 2001

Lorain County Joint Vocational School District

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

(With Comparative Totals at June 30, 2000)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Cash and Cash Equivalents	\$5,690,366	\$83,926	\$3,000
Receivables:			
Taxes	8,006,591	0	0
Accounts	0	0	0
Accrued Interest	25,423	0	0
Intergovernmental	0	71,118	0
Interfund	155,783	0	0
Inventory	60,357	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Fixed Assets	0	0	0
Other Debits:			
Amount To Be Provided - Capital Leases	0	0	0
Amount To Be Provided - Benefits	0	0	0
Total Assets	\$13,938,520	\$155,044	\$3,000
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts and Contracts Payable	\$163,692	\$746	\$0
Accrued Wages and Benefits	1,254,789	31,783	0
Intergovernmental Payable	200,632	4,655	0
Compensated Absences Payable	160,449	0	0
Deferred Revenue	6,634,478	44,118	0
Due to Students	0	0	0
Capital Leases Payable	0	0	0
Interfund Payable	0	155,783	0
Total Liabilities	8,414,040	237,085	0
Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Unreserved Retained Earnings	0	0	0
Fund Balance (Deficit):			
Reserved for Encumbrances	367,427	4,185	720
Reserved for Inventory	60,357	0	0
Reserved for Property Tax Advance	1,389,404	0	0
Reserved for Budget Stabilization	0	0	0
Unreserved, Undesignated	3,707,292	(86,226)	2,280
Total Fund Equity (Deficit)	5,524,480	(82,041)	3,000
Total Liabilities, Equity and Other Credits	\$13,938,520	\$155,044	\$3,000

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2001	2000
Enterprise	Trust and Agency				
\$939,287	\$23,210	\$0	\$0	\$6,739,789	\$5,623,616
0	0	0	0	8,006,591	7,300,857
145,145	0	0	0	145,145	104,227
0	0	0	0	25,423	89,960
15,833	0	0	0	86,951	115,476
0	0	0	0	155,783	347,479
55,396	0	0	0	115,753	104,630
0	0	0	0	0	275,589
0	0	25,860,807	0	25,860,807	24,166,109
0	0	0	55,983	55,983	84,183
0	0	0	986,262	986,262	1,110,064
\$1,155,661	\$23,210	\$25,860,807	\$1,042,245	\$42,178,487	\$39,322,190
\$26,716	\$0	\$0	\$0	\$191,154	\$270,880
134,999	0	0	0	1,421,571	1,271,695
26,872	0	0	0	232,159	229,388
112,725	0	0	986,262	1,259,436	1,212,348
0	0	0	0	6,678,596	5,965,064
0	20,547	0	0	20,547	28,528
0	0	0	55,983	55,983	84,183
0	0	0	0	155,783	347,479
301,312	20,547	0	1,042,245	10,015,229	9,409,565
0	0	25,860,807	0	25,860,807	24,166,109
854,349	0	0	0	854,349	1,126,676
0	0	0	0	372,332	987,748
0	0	0	0	60,357	48,639
0	0	0	0	1,389,404	1,367,030
0	0	0	0	0	275,589
0	2,663	0	0	3,626,009	1,940,834
854,349	2,663	25,860,807	0	32,163,258	29,912,625
\$1,155,661	\$23,210	\$25,860,807	\$1,042,245	\$42,178,487	\$39,322,190

Lorain County Joint Vocational School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001
 (With Comparative Totals at June 30, 2000)

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Expendable Trust	2001	2000
	Revenues:					
Taxes	\$7,798,032	\$0	\$0	\$0	\$7,798,032	\$7,498,793
Earnings on Investments	449,479	0	0	0	449,479	315,380
Classroom Materials and Fees	19,435	0	0	0	19,435	22,602
Intergovernmental	5,539,089	920,671	9,500	0	6,469,260	6,224,572
Other	95,630	6,000	0	385	102,015	22,746
Total Revenues	13,901,665	926,671	9,500	385	14,838,221	14,084,093
Expenditures:						
Current:						
Instruction:						
Regular	927,441	0	0	0	927,441	848,000
Vocational	6,311,802	346,419	0	0	6,658,221	6,266,691
Adult Education	0	152,690	0	0	152,690	160,135
Support Services:						
Pupil Services	629,887	274,651	0	0	904,538	602,827
Instructional Staff	642,429	85,733	6,500	0	734,662	683,810
Board and Administration	799,494	23,752	0	0	823,246	772,008
Fiscal and Business	529,760	16,653	0	100	546,513	463,062
Plant Operation and Maintenance	1,979,851	0	0	0	1,979,851	1,505,314
Pupil Transportation	27,632	0	0	0	27,632	17,049
Central	87,386	140,048	0	0	227,434	316,323
Non-Instructional Services	11,624	0	0	0	11,624	22,068
Extracurricular	106,771	0	0	0	106,771	122,160
Capital Outlay	846,054	0	0	0	846,054	165,270
Total Expenditures	12,900,131	1,039,946	6,500	100	13,946,677	11,944,717
Excess Revenues Over (Under) Expenditures	1,001,534	(113,275)	3,000	285	891,544	2,139,376
Other Financing Sources (Uses):						
Operating Transfers In	101,520	15,504	0	0	117,024	122,346
Operating Transfers Out	(140,504)	(1,520)	0	0	(142,024)	(147,346)
Other Uses	(50,000)	0	0	0	(50,000)	(50,000)
Total Other Financing Sources (Uses)	(88,984)	13,984	0	0	(75,000)	(75,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	912,550	(99,291)	3,000	285	816,544	2,064,376
Fund Balances						
Beginning of Year	4,600,212	17,250	0	2,378	4,619,840	2,568,776
Increase (Decrease) in Inventory	11,718	0	0	0	11,718	(13,312)
Fund Balances (Deficit) End of Year	\$5,524,480	(\$82,041)	\$3,000	\$2,663	\$5,448,102	\$4,619,840

The accompanying notes are an integral part of these financial statements.

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
Revenues					
Taxes	\$7,752,007	\$7,775,658		\$7,775,658	\$23,651
Earnings on Investments	494,570	500,070		500,070	5,500
Intergovernmental	5,531,500	5,539,089		5,539,089	7,589
Classroom Materials and Fees	15,455	19,435		19,435	3,980
Other	96,883	97,933		97,933	1,050
Total Revenues	\$13,890,415	\$13,932,185		13,932,185	41,770
Expenditures					
Current:					
Instruction:					
Regular	2,010,266	902,582	\$207,111	1,109,693	900,573
Vocational	7,000,000	6,197,572	0	6,197,572	802,428
Supporting Services:					
Pupil Services	604,618	594,618	4,200	598,818	5,800
Instructional Staff	644,114	634,114	2,500	636,614	7,500
Board and Administration	842,193	802,193	36,070	838,263	3,930
Fiscal and Business	581,988	531,988	40,000	571,988	10,000
Plant Operation and Maintenance	2,014,352	1,984,352	25,008	2,009,360	4,992
Pupil Transportation	38,402	28,402	9,503	37,905	497
Central	109,059	89,059	11,225	100,284	8,775
Non-Instructional Services	21,624	11,624	1,828	13,452	8,172
Extracurricular	127,424	117,424	500	117,924	9,500
Capital Outlay	973,704	773,704	196,174	969,878	3,826
Total Expenditures	14,967,744	12,667,632	\$534,119	13,201,751	1,765,993
Excess of Revenues Over (Under) Expenditures	(1,077,329)	1,264,553	(534,119)	730,434	1,807,763
Other Financing Sources (Uses)					
Advances In	298,980	298,980	0	298,980	0
Advances Out	(107,284)	(107,284)	0	(107,284)	0
Transfer In	101,520	101,520	0	101,520	0
Transfers Out	(140,504)	(140,504)	0	(140,504)	0
Other Uses	(50,000)	(50,000)	0	(50,000)	0
Total Other Financing Sources	102,712	102,712	0	102,712	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(974,617)	1,367,265	<u>(\$534,119)</u>	<u>\$833,146</u>	<u>\$1,807,763</u>
Fund Balance Beginning of Year	4,323,101	4,323,101			
Fund Balance End of Year	\$3,348,484	\$5,690,366			

The accompanying notes are an integral part of these financial statements.

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
Revenues					
Intergovernmental	\$1,252,167	\$1,014,147		\$1,014,147	(\$238,020)
Other	6,000	6,000		6,000	0
Total Revenues	1,258,167	1,020,147		1,020,147	(238,020)
Expenditures					
Current:					
Instruction:					
Vocational	618,611	355,764	\$2,901	358,665	259,946
Adult Education	168,758	164,258	1,008	165,266	3,492
Supporting Services:					
Pupil Services	263,497	262,497	507	263,004	493
Instructional Staff	98,498	91,498	0	91,498	7,000
Board and Administration	38,864	38,864	0	38,864	0
Fiscal and Business	17,252	16,653	0	16,653	599
Central	140,648	140,048	515	140,563	85
Total Expenditures	1,346,128	1,069,582	4,931	1,074,513	271,615
Excess of Revenues (Under) Expenditures	(87,961)	(49,435)	(4,931)	(54,366)	33,595
Other Financing Sources (Uses)					
Advances In	107,284	107,284	0	107,284	0
Advances Out	(298,980)	(298,980)	0	(298,980)	0
Transfers In	15,504	15,504	0	15,504	0
Transfers Out	(1,520)	(1,520)	0	(1,520)	0
Total Other Financing (Uses)	(177,712)	(177,712)	0	(177,712)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(265,673)	(227,147)	<u>(\$4,931)</u>	<u>(\$232,078)</u>	<u>\$33,595</u>
Fund Balances Beginning of Year	311,073	311,073			
Fund Balances End of Year	<u>\$45,400</u>	<u>\$83,926</u>			

The accompanying notes are an integral part of these financial statements.

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

	Revised Budget	Actual	Encumbrances	Actual Plus Encumbrances	Variance
Revenues					
Intergovernmental	\$9,500	\$9,500		\$9,500	\$0
Total Revenues	\$9,500	\$9,500		9,500	0
Expenditures					
Current:					
Supporting Services:					
Instructional Staff	7,500	6,500	\$720	7,220	280
Total Expenditures	7,500	6,500	\$720	7,220	280
Excess of Revenues Over (Under) Expenditures	2,000	3,000	(\$720)	\$2,280	\$280
Fund Balances Beginning of Year	0	0			
Fund Balances End of Year	\$2,000	\$3,000			

The accompanying notes are an integral part of these financial statements.

Lorain County Joint Vocational School District

Combined Statement of Revenues, Expenses
and Changes in Retained Earnings
Proprietary Fund Type
For the Year Ended June 30, 2001
(With Comparative Totals at June 30, 2000)

	Enterprise Funds	
	2001	2000
Operating Revenues:		
Sales	\$355,261	\$492,822
Classroom Materials and Fees	1,027,914	1,264,641
Total Operating Revenues	1,383,175	1,757,463
Operating Expenses:		
Salaries and Wages	1,081,796	988,606
Employees' Retirement and Insurance	294,108	230,177
Purchased Services	313,331	253,533
Supplies and Materials	471,124	573,337
Total Operating Expenses	2,160,359	2,045,653
Operating (Loss)	(777,184)	(288,190)
Non-Operating Revenues:		
Intergovernmental	479,857	433,866
Total Non-Operating Revenues	479,857	433,866
Income Before Operating Transfers	(297,327)	145,676
Operating Transfers		
Operating Transfers In	25,000	25,000
Total Operating Transfers	25,000	25,000
Net Income	(272,327)	170,676
Retained Earnings Beginning of Year	1,126,676	956,000
Retained Earnings End of Year	\$854,349	\$1,126,676

The accompanying notes are an integral part of these financial statements.

Lorain County Joint Vocational School District

Combined Statement of Cash Flows

Proprietary Fund Type

For the Year Ended June 30, 2001

(With Comparative Totals at June 30, 2000)

	<u>Enterprise Funds</u>	
	<u>2001</u>	<u>2000</u>
Cash Flows From Operating Activities:		
Operating (Loss)	(\$777,184)	(\$288,190)
Adjustments To Reconcile Net (Loss) To Net Cash Used in Operating Activities:		
(Increase) Decrease In Assets:		
Accounts Receivable	(43,221)	35,143
Intergovernmental Receivable	(15,833)	115,609
Inventories	(595)	35,967
Increase (Decrease) In Liabilities:		
Accounts and Contacts Payable	8,794	(7,372)
Accrued Wages and Benefits Payable	(19,074)	38,429
Intergovernmental Payable	26,872	0
Compensated Absences Payable	24,199	0
Deferred Revenue	<u>0</u>	<u>(32,014)</u>
Total Adjustments	<u>(18,858)</u>	<u>185,762</u>
Net Cash Used In Operating Activities	(796,042)	(102,428)
Cash Flows From Non-Capital Financing Activities:		
Transfers In	25,000	25,000
Intergovernmental Revenue	<u>479,857</u>	<u>433,866</u>
Net Cash Provided by Non-Capital Financing Activities	504,857	458,866
Net Increase (decrease) in Cash and Cash Equivalents	(291,185)	356,438
Cash and Cash Equivalents, Beginning of Year	<u>1,230,472</u>	<u>874,034</u>
Cash and Cash Equivalents, End of Year	<u><u>\$939,287</u></u>	<u><u>\$1,230,472</u></u>

The accompanying notes are an integral part of these financial statements.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 1: Nature of Basic Operations and Description of Entity

Reporting Entity: The Lorain County Joint Vocational School District (the District) is a school district corporation governed by an elected Board of Education. As required by accounting principles generally accepted in the United States of America, these financial statements present all funds and account groups of the primary government. The primary government consists of all funds, departments, boards, organizations, and agencies that are not legally separate for financial reporting purposes.

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

The District is involved with Lake Erie Educational Computer Association (LEECA) and Lake Erie Regional Council (LERC), which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 6.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operation control.

Note 2: Summary of Significant Accounting Policies

A. Measurement Focus, Basis of Accounting and Basis of Presentation:

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

All funds, other than trust and agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary modifications may only be made by resolution of the Board of Education. Budgetary statements are not presented for proprietary, trust, and agency funds.

The District has the following fund types and account groups:

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, if any, which is recognized when due, and certain expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

The general fund is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

The enterprise funds are the District's only proprietary funds.

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

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary fund types are as follows:

The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting, where both principal and interest may be expended.

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Account groups: The general fixed assets account group is used to account for fixed assets not accounted for in the proprietary fund. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of the proprietary fund.

B. Cash and Cash Equivalents:

Cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

Each fund's interest in the pool is presented as "cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to Certificates of Deposit, STAROhio, and money market account. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earning. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$500,070, which includes \$45,008 assigned from other District funds.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

C. Restricted Assets:

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook/instruction materials reserve, and capital maintenance reserve. These reserves are required by State statute. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2001, the District eliminated the budget stabilization reserve and related restricted cash account as allowed by Senate Bill No. 345.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

D. Receivables:

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

E. Estimates:

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

F. Interfund Assets and Liabilities:

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

Amounts owed to a particular fund by another fund in the District for goods or services rendered are classified as "due from other funds" and "due to other funds."

G. Inventory:

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of school supplies held for resale and are expensed when used.

H. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed; and are not depreciated.

Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment – 5 to 20 years. The capitalization threshold is \$500. The District did not have proprietary fixed assets for the current fiscal year.

I. 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, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Capital leases are reported as a liability of the general long-term obligations account group until due.

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

Under Ohio law, a debt service fund may be created and used for the payment of tax and revenue anticipation notes. Accounting principles generally accepted in the United States of America requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the 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.

J. 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.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

K. Compensated Absences:

Compensated absences are reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will probably be paid as a termination benefit.

For governmental funds, vacation and sick leave benefits expected to be paid with expendable available resources are recorded as fund liabilities. The remainder is reported in the general long-term debt account group. In proprietary funds, vacation and sick leave benefits expected to eventually be paid are reported as fund liabilities.

The criteria for determining vacation and sick leave are derived from negotiated agreements and State laws. Administrators and non-certificated employees earn ten to twenty-five days vacation annually depending on length of service. Accumulated unpaid vacation is paid to employees upon termination of employment. Certificated employees do not earn vacation.

Employees earn sick leave at the rate of one and one-fourth days per month and may accumulate up to 300 days for administrators and 250 days for all others. Upon retirement, employees receive a portion of their total sick leave accumulation.

L. Fund Balance Reserves:

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes and budget stabilization. The reserve for property taxes represents accrued tax revenue not available for appropriation according to Ohio law.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

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

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/2000	\$ 0	\$ 0	\$ 169,589	\$ 169,589
Required Set-Aside	125,692	125,692	0	251,384
Offset Credits	0	0	0	0
Qualifying Expenditures	(125,692)	(125,692)	0	(251,384)
Senate Bill No. 345	<u>0</u>	<u>0</u>	(169,589)	(169,589)
Balance, 6/30/2001	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Expenditures for capital activity during the year were \$557,599, which exceeded the required set-aside and the reserve balance. Senate Bill No. 345 eliminated the requirement for the District to maintain a budget stabilization reserve.

M. Intergovernmental Revenues:

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

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 2: Summary of Significant Accounting Policies - continued

N. Total Columns on General Purpose Financial Statements:

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

O. New Accounting Pronouncements:

In December of 1998, Governmental Accounting Standards Board Statement No. 33 (GASBS 33), *Accounting and Financial Reporting for Nonexchange Transactions*, and in June of 1999 GASBS 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were issued. GASBS 33 establishes accounting and financial reporting standards for nonexchange transactions including financial or capital resources and was adopted by the District for the fiscal year ended June 30, 2001. GASBS 34 establishes financial reporting standards for state and local governments and is effective, in three phases based on a government's total annual revenues, beginning with periods beginning after June 15, 2001 and continuing through periods beginning after June 15, 2003. Management is currently evaluating the overall presentation required by GASBS 34 and believes the effect will be material.

P. Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Note 3: Budgetary Basis of Accounting

The Board of Education is required, by Ohio Revised Code, to adopt an annual budget for all funds except agency, in accordance with the following:

Tax Budget: A budget of estimated cash receipts and disbursements is adopted prior to January 15 by the board. A budget of estimated revenue and expenditures is submitted to the county auditor, as secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 3: Budgetary Basis of Accounting - continued

Estimated Resources: The County Budget Commission certifies its actions to the District. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to fiscal year end, the District must revise its budget so that the total contemplated expenditures from a fund during the year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types", do not include July 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

The amounts reported in the budgetary statements reflect the final budget figures.

Appropriations: Appropriations may be defined as expenditure authorization and are synonymous with budget within the Budget and Actual presentations. A temporary appropriation measure to control the cash disbursements may be passed prior to passage of the annual appropriation measure. An annual appropriation measure must be passed for the current fiscal year. The appropriation measure may be amended or supplemented during the year as new information becomes available. Management has Board of Education approval to amend or supplement appropriations so long as appropriations do not exceed available resources at the fund level. Several amendments and supplements were enacted during the fiscal year. The amounts reported in the budgetary statements reflect final amended appropriations. Appropriations may not exceed estimated resources and expenditures plus encumbrances may not exceed appropriations at the fund level.

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

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the accounting principles generally accepted in the United States of America (GAAP) basis, encumbrances outstanding at year end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 3: Budgetary Basis of Accounting – continued

Budgetary Basis of Accounting: While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the “Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (NonGAAP Basis) and Actual – All Governmental Fund Types and Expendable Trust Funds” is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

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

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$ 912,550	\$ (99,291)	\$ 3,000
Net Adjustments for Revenue Accruals	329,500	200,760	0
Net Adjustments for Expenditure Accruals	125,215	(328,616)	0
Net Adjustments for Encumbrances	(534,119)	(4,931)	(720)
Budget Basis	\$ <u>833,146</u>	\$ <u>(232,078)</u>	\$ <u>2,280</u>

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 4: Accountability and Compliance

A. Fund Deficit:

At June 30, 2001, the special revenue fund type had a deficit fund balance of \$82,041. The deficit was caused by the application of accounting procedures generally accepted in the United States of America. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5: Deposits and Investments

Legal Requirements: Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the District into three categories.

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

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

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

Inactive monies are permitted to be deposited or invested in the following securities:

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

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 5: Deposits and Investments - continued

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance's of federal government agencies or instrumentality's;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The District may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons.
3. Obligations of the District.

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

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 5: Deposits and Investments - continued

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 within the institution.

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.

Deposits: At year end, the carrying amount of the District's deposits was \$(274,763) and the bank balance was \$104,781. Of the bank balance, \$100,000 was covered by federal depository insurance and \$4,781 was uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the District's name.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District. Category 2 includes uninsured and unregistered investments for which securities are held by the financial institution's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the financial institution by its trust department but not in the District's name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAROhio and the money market account are unclassified investments. They are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Provident Bank – Certificates of Deposit	\$ 3,080,018	\$ 3,080,018	\$ 3,080,018
First Merit – Certificates of Deposit	<u>1,360,000</u>	1,360,000	1,360,000
Money Market Account		6,680	6,680
STAR Ohio		<u>2,567,854</u>	<u>2,567,854</u>
TOTAL INVESTMENTS	\$ <u>4,440,018</u>	\$ <u>7,014,552</u>	\$ <u>7,014,552</u>

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 6: Jointly Governed Organizations

A. Lake Erie Education Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County which serves as fiscal agent at 1885 Lake Avenue, Elyria, Ohio. During fiscal year 2001, the District contributed \$6,767 for services provided by LEECA.

B. Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of thirteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

The LERC's shared risk pool premiums are billed to each participating school district based on actuarially determined rates. Should contributions prove to be insufficient to pay program costs of the insurance program for any fiscal year, each participating member is notified of the deficiency and billed for its share of the additional cost.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County at 1885

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 6: Jointly Governed Organizations - continued

Lake Avenue, Elyria, Ohio. During fiscal year 2001, the District contributed \$685,012 for services provided by LERC.

Note 7: Interfund Receivables and Payables

Individual fund interfund receivable and payable balances as of June 30, 2001 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 155,783	\$ 0
Special Revenue Funds:		
Ad Full Service	0	3,000
Career Education	0	19,700
Applied Academic's Grant	0	37,500
Title III Eisenhower Fund	0	249
Vocational Education Grant	0	94,554
Title VI	<u>0</u>	<u>780</u>
TOTAL	<u>\$ 155,783</u>	<u>\$ 155,783</u>

Note 8: Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance June 30, 2000	Additions	Reductions	Balance June 30,
2001				
Land	\$ 138,000	\$ 0	\$ 0	\$ 138,000
Building and Improvements	15,215,633	950,919	0	16,166,552
Furniture, Fixtures and Equipment	8,149,243	1,011,952	(301,364)	8,859,831
Vehicles	397,505	42,391	(9,200)	430,696
Textbooks and Library Books	<u>265,728</u>	<u>0</u>	<u>0</u>	<u>265,728</u>
TOTAL	<u>\$ 24,166,109</u>	<u>\$ 2,005,262</u>	<u>\$ (310,564)</u>	<u>\$ 25,860,807</u>

There was no significant construction in progress at fiscal year ended June 30, 2001.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 9: Leases

Capital Leases: The District leases printing systems and a photocopier. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present values of the future minimum lease payments as of the inception dates in the General Fixed Assets Account Group and the General Long-Term Debt Account Group.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2001, were as follows:

Year Ending June 30,	General Long-Term Debt
2002	\$ 32,854
2003	24,100
2004	4,345
2005	<u>1,448</u>
Total minimum lease payments	62,747
Less amount representing interest	<u>(6,764)</u>
 Present value of minimum lease payments	 \$ <u>55,983</u>

There were no significant operating leases at fiscal year ended June 30, 2001.

Note 10: Long-Term Obligations

Changes in general long-term obligations are as follows:

	Balance at July 1, 2000	Additions	Reductions	Balance at June 30, 2001
Capital Leases	\$ 84,183	\$ 0	\$ (28,200)	\$ 55,983
Compensated Absences	1,110,064	<u>0</u>	(123,802)	<u>986,262</u>
 TOTAL	 \$ <u>1,194,247</u>	 \$ <u>0</u>	 \$ <u>(152,002)</u>	 \$ <u>1,042,245</u>

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 11: Property Taxes

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property which is located within the District. The Lorain County Auditor is responsible for assessing and remitting these property taxes to the District. The Lorain County Treasurer is responsible for collecting property taxes.

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The Lorain County Auditor reappraises real property every six years with a triennial update, the last update was completed for 1998. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semi-annually. The first payment is due January 20, and the remainder is payable by June 20.

Tangible personal property taxes collected were based on assessed values that represent varying percentages of cost. Tangible personal property taxes are levied on January 1, which is the lien date, of the current year and are due by April 30.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent (88%) of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$1,389,404 and is recognized as revenue.

Since Lorain County assesses and levies property taxes on a calendar basis, the District receives property taxes from two (2) taxing years during the District's fiscal year.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 11: Property Taxes - continued

The assessed values of real and tangible personal property, upon which property tax receipts for the Fiscal Year Ended June 30, 2001 were based, are as follows:

	Assessed Values	
	Second Half 2000	First Half 2001
Real Property:		
Residential/Agricultural	\$ 2,497,278,790	\$ 2,979,755,780
Commercial/Industrial	575,687,380	648,795,650
Public Utilities	4,184,750	2,415,570
Minerals	95,080	79,100
Tangible Personal Property:		
General	409,122,760	423,640,660
Public Utilities	<u>293,439,580</u>	<u>294,204,960</u>
TOTAL ASSESSED VALUATION	\$ <u>3,779,808,340</u>	\$ <u>4,348,891,720</u>

Note 12: Defined Benefit Pension Plans

State Teachers Retirement System

A. State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

B. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof.

Any member who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1% multiplied by the total number of years of service (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 12: Defined Benefit Pension Plans - continued

added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Legislation passed in April 2000 with a July 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased to 2.2% from 2.1% per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5% instead of 2.2%. For earned Ohio service over 30 years, the formula will remain as current law, which provides an escalating formula of 2.5% for the 31st year, 2.6% for the 32nd year, 2.7% for the 33rd year, etc., until 100% of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Full-time faculty with less than five years of service credit have a one-time option to select an ARP instead of STRS Ohio. Employees hired after the ARP is established have 90 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 12: Defined Benefit Pension Plans - continued

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

C. Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

D. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000, were 9.3% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2001, 2000, and 1999 were \$1,047,597, \$935,872, and \$919,595, respectively. The District paid the required contribution for fiscal years 2001, 2000 and 1999.

E. STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2000 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090.

School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 45 N. Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 12: Defined Benefit Pension Plans - continued

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ending June 30, 2001, 2000, and 1999 were \$214,887, \$180,005, and \$179,670, respectively. The District paid the required contribution for fiscal years 2001, 2000 and 1999.

Note 13: Post Employment Benefits

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System, and to retired non-certified employees and their dependents through the School Employees Retirement System.

State Teachers Retirement System (STRS)

A. State Teachers Retirement System of Ohio (STRS Ohio) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

B. The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

C. The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after, will be 4.5% of covered payroll.

D. For the year ended June 30, 2000, net health care costs paid by STRS Ohio were \$283,137,000. There were 99,011 eligible benefit recipients.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 13: Post Employment Benefits - continued

June 30, 2000 is the latest date for which information is available.

School Employees Retirement System (SERS)

1. The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 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% of the premium.
2. After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.45%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.
3. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits was \$252.3 million.
4. The number of benefit recipients currently receiving health care benefits is approximately 50,000.
5. The portion of the District's contributions that were used to fund postemployment benefits is \$139,209.

Note 14: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a reduction in coverage from the prior year.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 14: Risk Management - continued

The District has a comprehensive property and casualty policy with the Nationwide Insurance Company which includes boiler coverage. This policy also provides insurance for all lease agreements. The deductible is \$5,000 per incident. All vehicles are insured with Nationwide Insurance Company and have a \$250 deductible. All Board Members, Administrators and employees are covered under a school district liability policy with Nationwide Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 aggregate.

The Board President and the Superintendent are covered with surety bonds for \$20,000. The Treasurer also is covered by a surety bond in the amount of \$50,000. These bonds are with Nationwide Insurance Company.

Remaining employees who handle money, are covered with a public employees blanket bond in the amount of \$15,000. This coverage is also provided by the Ohio Farmers Insurance Company.

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

The District provides life insurance and accidental death and dismemberment insurance to its employees based on years of service.

The District contracts with the Lake Erie Regional Council organization (LERC) to provide employee medical/surgical, dental, and vision benefits. The LERC is a shared risk pool comprised of thirteen Lorain county school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claim flows. Upon termination, all District claims would be paid without regard to the District's account balance. The LERC Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. This plan provides a medical/surgical and vision plan with deductibles of \$100 for single and \$200 for family coverage. Deductibles for the dental plan are \$50 for single and \$100 for family coverage.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 15: Segment Information for Enterprise Funds

The District maintains the following Enterprise Funds:

Uniform School Supplies Fund: Established to account for the purchase and sale of school supplies that are ultimately purchased by students.

Rotary Fund: Established to account for income and expenses of Vocational Education operations in which goods and/or services are sold to the public.

Adult Education Fund: Established to account for income and expenses of Adult Education operations.

NASA Fund: Established to account for the purchase and sale of NASA educational materials.

Segment information for Enterprise Funds is as follows:

	Uniform School Supplies	Rotary	Adult Education	NASA	Total
Operating Revenues	\$ 67,487	\$ 252,841	\$ 960,613	\$ 102,234	\$ 1,383,175
Operating Expenses	54,947	271,899	1,559,244	274,269	2,160,359
Operating Income (Loss)	12,540	(19,058)	(598,631)	(172,035)	(777,184)
Operating Grants	0	0	305,660	174,197	479,857
Operating Transfers In	0	0	25,000	0	25,000
Net Income (Loss)	12,540	(19,058)	(267,971)	2,162	(272,327)
Net Working Capital	12,683	89,768	441,622	423,001	967,074
Total Assets	12,683	91,024	606,826	445,128	1,155,661
Total Equity	12,683	89,768	340,906	410,992	854,349
Encumbrances at June 30, 2001	\$ 548	\$ 30,071	\$ 21,886	\$ 9,586	\$ 62,091

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 16: Contingencies

Grants

The District receives financial assistance from numerous federal and state agencies which is subjected to financial and compliance audits in accordance with the 1996 amendments to the Single Audit Act. Such audits could lead to a request for reimbursement to the grantor agency for disallowed expenditures. Management believes that such disallowance's, if any, would not materially affect the District's financial position.

State School Funding Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 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 Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

**Lorain County Joint Vocational School District
Notes to General Purpose Financial Statements
Year Ended June 30, 2001**

Note 16: Contingencies - continued

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.

During the fiscal year ended June 30, 2001, the School District received \$4,834,884 of school foundation support for its general fund.

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

To the Board of Education
Lorain County Joint Vocational School District
Lorain County
15181 State Route 58
Oberlin, Ohio 44074

We have audited the financial statements of the Lorain County Joint Vocational School District (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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.

Board of Education
Lorain County Joint Vocational School District
Report on Compliance and on Internal Control Over
Financial Reporting Based on Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page Two

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

Hausser + Taylor LLP

Canton, Ohio
November 13, 2001



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

To the Board of Education
Lorain County Joint Vocational School District
Lorain County
15181 State Route 58
Oberlin, Ohio 44074

Compliance

We have audited the compliance of the Lorain County Joint Vocational School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to major federal programs 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 federal compliance and its operation that we consider to be material weaknesses.

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

Hausser + Taylor LLP

Canton, Ohio
November 13, 2001

Lorain County Joint Vocational School

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2001

<u>Federal Grantor/ Pass-Through Grantor, and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Receipts</u>	<u>Federal Expenditures</u>
<u>United States Department of Education - Direct Award:</u>				
Pell Grants	84.063	N/A	\$ 79,973	\$ 79,973
<u>United States Department of Education - Passed-Through State Department of Education:</u>				
Adult Basic Education	84.002	AB-S1-00	45,000	45,000
		AB-S1-01	40,400	40,400
Subtotal			85,400	85,400
Vocational Ed Basic Grant:				
State Leadership	84.048	20-A0-00	50,000	50,000
Local Funds Secondary		20-C1-00	72,144	72,144
		20-C1-01	389,948	389,948
Local Funds Post Secondary		20-C2-00	9,906	9,906
		20-C2-01	56,718	56,718
Subtotal			578,716	578,716
Eisenhower Professional Development	84.281	MS-S1-01	2,245	2,245
Innovative Education Program Strategy	84.298	C2-S1-00	3,683	3,683
		C2-S1-01	4,419	4,419
Subtotal			8,102	8,102
Subtotal Passed-Through State Department of Education			674,463	674,463
<u>Total US Department of Education</u>			754,436	754,436
<u>United States Aeronautics and Space Administration Cooperative Grant - Direct Award:</u>				
NASA Grant	43.XXX	NCC5-187	158,364	158,364
Total Expenditures of Federal Awards			\$ 912,800	\$ 912,800

Notes:

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information presented in accordance with the requirements of the OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Lorain County Joint Vocational School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting (GAGAS):
Material weakness(es) identified? ___yes x no
Reportable condition(s) identified
not considered to be material weakness(es)? ___yes x none reported

Noncompliance material to financial
statements noted? ___yes x no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___yes x no
Reportable condition(s) identified
not considered to be material weakness(es)? ___yes x none reported

Type of auditor's report issued on
compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance with
Circular A-133, Section .510(a)? ___yes x no

Lorain County Joint Vocational School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2001

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Vocational Education Basic Grant	84.048
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

Lorain County Joint Vocational School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2001

Section II - Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs.

Lorain County Joint Vocational School District

Corrective Action Plan
For the Fiscal Year Ended June 30, 2001

No prior year findings noted; no corrections needed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**