

EASTLAND VOCATIONAL SCHOOL DISTRICT

COLUMBUS REGION, FRANKLIN COUNTY

SINGLE AUDIT

JULY 1, 1998 – JUNE 30, 1999

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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Board of Education
Eastland Joint Vocational School District
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We have reviewed the independent auditor's report of the Eastland Joint Vocational School District, Franklin County, prepared by Oles and Associates, LLC, Certified Public Accountants, for the audit period July 1, 1998 through June 30, 1999. 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 Eastland Joint Vocational School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 2, 2000



& Associates, LLC

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Eastland Vocational School District
4300 Amalgamated Place, Suite 150
Groveport, Ohio 43125-0419

We have audited the accompanying general purpose financial statements of the Eastland Vocational School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above, present fairly, in all material respects, the financial position of the Eastland Vocational School District, Franklin County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year ended June 30, 1999, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2000, 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.

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


Joel F. Oles, CPA
Oles & Associates, LLC

March 17, 2000
Columbus, Ohio

EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits:								
Assets:								
Equity in Pooled Cash and Cash Equivalents	\$7,447,874	\$70,272	\$594,113	\$350,932	\$96,493	\$0	\$0	\$8,559,686
Receivables:								
Taxes	11,105,365	-	-	-	-	-	-	11,105,365
Accounts	5,538	82	-	-	1,470	-	-	138,435
Intergovernmental	-	3,000	131,345	-	-	-	-	140,400
Interfund Receivable	283,250	-	137,400	-	-	-	-	283,250
Materials and Supplies Inventory	92,789	-	-	-	-	-	-	184,760
Prepaid Items	28,091	-	91,971	-	-	-	-	28,091
Restricted Assets:								
Equity in Pooled Cash and Cash Equivalents	201,739	-	-	-	-	-	-	201,739
Fixed Assets	-	-	833,812	-	-	17,930,524	-	18,764,336
Accumulated Depreciation	-	-	(518,002)	-	-	-	-	(518,002)
Other Debits:								
Amount to be Provided for Payment of Long Term Obligations	-	-	-	-	-	-	2,446,984	2,446,984
Total Assets and Other Debits	\$19,142,646	\$73,354	\$1,270,639	\$350,932	\$97,963	\$17,930,524	\$2,446,984	\$41,313,044
Liabilities, Fund Equity and Other Credits:								
Liabilities:								
Accounts Payable	\$513,440	\$2,794	\$5,508	\$0	\$747	\$0	\$0	\$522,489
Accrued Wages and Benefits	554,353	14,643	67,195	-	-	-	-	636,191
Compensated Absences Payable	7,551	922	20,318	-	-	-	563,643	592,434
Interfund Payable	-	218,584	43,666	-	-	-	-	263,250
Intergovernmental Payable	77,795	2,016	7,505	-	-	-	-	87,316
Deferred Revenue	9,951,668	-	10,904	-	441	-	-	9,963,013
Due to Students	-	-	-	-	96,775	-	-	96,775
Notes Payable	-	-	-	-	-	-	1,163,341	1,163,341
Claims Payable	-	-	-	33,068	-	-	-	33,068
Energy Conservation Loan Payable	-	-	-	-	-	-	720,000	720,000
Total Liabilities	11,104,807	239,959	155,096	33,068	97,963	-	2,446,984	14,077,877
Fund Equity and Other Credits:								
Investment in General Fixed Assets	-	-	-	-	-	17,930,524	-	17,930,524
Contributed Capital	-	-	305,006	-	-	-	-	305,006
Retained Earnings:								
Unreserved	-	-	810,537	317,864	-	-	-	1,128,401
Fund Balances:								
Reserved:								
Reserved for Encumbrances	2,004,215	207,526	-	-	-	-	-	2,211,741
Reserved for Inventory	92,789	-	-	-	-	-	-	92,789
Reserved for Prepaid Items	26,091	-	-	-	-	-	-	26,091
Reserved for Advances	283,250	-	-	-	-	-	-	283,250
Reserved for Property Taxes	1,153,747	-	-	-	-	-	-	1,153,747
Reserved for Textbooks & Instructional Materials	40,445	-	-	-	-	-	-	40,445
Reserved for Budget Stabilization	161,294	-	-	-	-	-	-	161,294
Unreserved:								
Unreserved, Undesignated	4,298,008	(374,131)	-	-	-	-	-	3,923,877
Total Fund Equity and Other Credits	8,037,839	(166,605)	1,115,543	317,864	\$97,963	\$17,930,524	\$2,446,984	\$27,235,167
Total Liabilities, Fund Equity and Other Credits	\$19,142,646	\$73,354	\$1,270,639	\$350,932	\$97,963	\$17,930,524	\$2,446,984	\$41,313,044

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

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Intergovernmental	\$3,853,002	\$1,025,042	\$0	\$0	\$4,878,044
Interest	411,016	-	-	-	411,016
Tuition and Fees	159,589	8,496	-	-	168,085
Rent	155,343	21,793	-	-	177,136
Property & Other Local Taxes	6,821,906	-	-	-	6,821,906
Miscellaneous	-	580	-	-	580
Total Revenues	11,400,856	1,055,911	-	-	12,456,767
Expenditures:					
Current:					
Instruction:					
Regular	1,428,899	51,242	-	-	1,480,141
Special	-	35,750	-	-	35,750
Vocational	2,984,094	271,708	-	-	3,255,802
Other	-	121,174	-	-	121,174
Support Services:					
Pupils	261,307	432,748	-	-	694,055
Instructional Staff	510,052	116,368	-	-	626,420
Board of Education	12,298	-	-	-	12,298
Administration	636,621	27,047	-	-	663,668
Fiscal	495,620	18,816	-	-	514,436
Operation and Maintenance of Plant	1,101,383	1,298	-	-	1,102,681
Pupil Transportation	1,963	-	-	-	1,963
Central	15,481	83,053	-	-	98,534
Non-Instructional Services	-	3,613	-	-	3,613
Extracurricular activities	9,683	198	-	-	9,881
Capital Outlay	1,216,303	-	-	-	1,216,303
Debt Service:					
Debt Service - Principal	214,814	-	120,000	-	334,814
Debt Service - Interest	-	-	52,650	-	52,650
Intergovernmental	-	24,305	-	-	24,305
Total Expenditures	8,888,518	1,187,320	172,650	-	10,248,488
Excess of Revenues Over (Under) Expenditures	2,512,338	(131,409)	(172,650)	-	2,208,279
Other Financing Sources and (Uses)					
Operating Transfers In	-	-	172,650	-	172,650
Refund of Prior Year Expenditures	63,650	-	-	-	63,650
Other Financing Sources	4,587	123	-	-	4,710
Operating Transfers Out	(172,650)	-	-	-	(172,650)
Total Other Financing Sources (Uses)	(104,413)	123	172,650	-	68,360
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,407,925	(131,286)	-	-	2,276,639
Fund Balance at Beginning of Year	5,629,914	(35,319)	-	2	5,594,597
Fund Balance at End of Year	\$ 8,037,839	\$ (166,605)	\$ -	\$ 2	\$ 7,871,236

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

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$3,900,000	\$3,852,859	(\$47,141)	\$1,606,953	\$1,079,515	(\$527,438)
Interest	410,000	408,585	(1,415)	-	-	-
Tuition and Fees	160,000	159,451	(549)	14,629	8,414	(6,215)
Rent	155,000	153,358	(1,642)	40,150	21,769	(18,381)
Property & Other Local Taxes	6,000,000	5,919,931	(80,069)	-	-	-
Miscellaneous	-	-	-	4,656	580	(4,076)
Total Revenues	10,625,000	10,494,184	(130,816)	1,666,388	1,110,278	(556,110)
Expenditures:						
Current:						
Instruction:						
Regular	1,800,000	1,746,668	53,332	51,918	51,242	676
Special	-	-	-	42,772	28,656	14,116
Vocational	3,750,000	3,326,134	423,866	286,720	271,956	14,764
Other	-	-	-	176,506	136,848	39,658
Support Services:						
Pupils	400,000	350,171	49,829	639,075	635,661	3,414
Instructional Staff	800,000	730,814	69,186	116,829	116,682	147
Board of Education	75,000	33,503	41,497	-	-	-
Administration	950,000	941,577	8,423	56,736	25,045	31,691
Fiscal	750,000	706,441	43,559	34,452	18,816	15,636
Operation and Maintenance of Plant	1,450,000	1,274,374	175,626	798	798	-
Pupil Transportation	17,550	4,618	12,932	-	-	-
Central	100,000	20,469	79,531	100,017	95,209	4,808
Non-Instructional Services	-	-	-	6,684	3,761	2,923
Extracurricular activities	100,000	24,102	75,898	150	150	-
Capital Outlay	2,165,000	1,452,751	712,249	-	-	-
Debt Service:						
Debt Service - Principal	220,000	214,814	5,186	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Intergovernmental	-	-	-	25,000	24,305	695
Total Expenditures	12,577,550	10,826,436	1,751,114	1,537,657	1,409,129	128,528
Excess of Revenues Over (Under) Expenditures	(1,952,550)	(332,252)	1,620,298	128,731	(298,851)	(427,582)
Other Financing Sources and Uses						
Operating Transfers In	-	-	-	-	123	123
Refund of Prior Year Expenditures	64,754	63,650	(1,104)	-	-	-
Other Financing Sources	4,587	4,587	-	-	-	-
Operating Transfers Out	(172,650)	(172,650)	-	-	-	-
Total Other Financing Sources (Uses)	(103,309)	(104,413)	(1,104)	-	123	123
Excess of Rev and Other over Exp and Other...	(2,055,859)	(436,665)	1,619,194	128,731	(298,728)	(427,459)
Fund Balances at Beginning of Year	4,177,656	4,177,656	-	(279,130)	(279,130)	-
Prior Year Encumbrances Appropriated	1,650,124	1,650,124	-	218,225	218,225	-
Fund Balance at end of Year	\$3,771,921	\$5,391,115	\$1,619,194	\$67,826	(\$359,633)	(\$427,459)

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

Debt Service			Capital Projects			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-	-	-	-	-	-	\$5,506,953	\$4,932,374	(\$574,579)
-	-	-	-	-	-	410,000	408,585	(1,415)
-	-	-	-	-	-	174,629	167,865	(6,764)
-	-	-	-	-	-	185,150	175,127	(20,023)
-	-	-	-	-	-	6,000,000	5,919,931	(80,069)
-	-	-	-	-	-	4,656	589	(4,076)
-	-	-	-	-	-	<u>12,291,388</u>	<u>11,604,462</u>	<u>(686,926)</u>
-	-	-	-	-	-	1,851,918	1,797,910	54,008
-	-	-	-	-	-	42,772	28,656	14,116
-	-	-	-	-	-	4,036,720	3,598,090	438,630
-	-	-	-	-	-	176,506	136,848	39,658
-	-	-	-	-	-	1,039,075	985,832	53,243
-	-	-	-	-	-	916,829	847,496	69,333
-	-	-	-	-	-	75,000	33,503	41,497
-	-	-	-	-	-	1,006,736	966,622	40,114
-	-	-	-	-	-	784,452	725,257	59,195
-	-	-	-	-	-	1,450,798	1,275,172	175,626
-	-	-	-	-	-	17,560	4,618	12,932
-	-	-	-	-	-	200,017	115,678	84,339
-	-	-	-	-	-	8,684	3,761	2,923
-	-	-	-	-	-	100,150	24,252	75,898
-	-	-	-	-	-	2,185,000	1,452,751	712,249
120,000	120,000	-	-	-	-	340,000	334,814	5,186
52,650	52,650	-	-	-	-	52,650	52,650	-
-	-	-	-	-	-	25,000	24,305	695
<u>172,650</u>	<u>172,650</u>	-	-	-	-	<u>14,267,857</u>	<u>12,408,215</u>	<u>1,879,642</u>
<u>(172,650)</u>	<u>(172,650)</u>	-	-	-	-	<u>(1,996,469)</u>	<u>(803,753)</u>	<u>1,192,716</u>
176,500	172,650	(3,850)	-	-	-	176,500	172,773	(3,727)
-	-	-	-	-	-	64,764	63,650	(1,104)
-	-	-	-	-	-	4,587	4,587	-
-	-	-	-	-	-	<u>(172,650)</u>	<u>(172,650)</u>	-
<u>176,500</u>	<u>172,650</u>	<u>(3,850)</u>	-	-	-	<u>73,191</u>	<u>68,360</u>	<u>(4,831)</u>
3,850	-	(3,850)	-	-	-	(1,923,278)	(735,393)	1,187,885
-	-	-	2	2	-	3,898,528	3,898,528	-
-	-	-	-	-	-	1,868,349	1,868,349	-
<u>\$3,850</u>	<u>\$0</u>	<u>(\$3,850)</u>	<u>\$2</u>	<u>\$2</u>	<u>\$0</u>	<u>\$3,843,599</u>	<u>\$5,031,484</u>	<u>\$1,187,885</u>

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Tuition	\$1,257,798	\$0	\$1,257,798
Sales	475,815	-	475,815
Other Revenues	33,960	506,684	540,644
Refund of Prior Year Expense	13,646	-	13,646
Total Operating Revenues	<u>1,781,219</u>	<u>506,684</u>	<u>2,287,903</u>
Operating Expenses:			
Salaries	1,330,988	-	1,330,988
Fringe Benefits	238,922	63,930	302,852
Purchased Services	179,206	427,274	606,480
Materials and Supplies	498,004	-	498,004
Depreciation	89,778	-	89,778
Other	7,973	-	7,973
Capital Outlay	1,085	283	1,368
Total Operating Expenses	<u>2,345,956</u>	<u>491,487</u>	<u>2,837,443</u>
Operating Income (Loss)	<u>(564,737)</u>	<u>15,197</u>	<u>(549,540)</u>
Non-Operating Revenues:			
Other	1,108	-	1,108
Federal Donated Commodities	7,966	-	7,966
Federal and State Subsidies	670,757	-	670,757
Loss on Sale of Fixed Assets	(5,755)	-	(5,755)
Total Non-Operating Revenues	<u>674,076</u>	<u>-</u>	<u>674,076</u>
Net Income (Loss)	<u>109,339</u>	<u>15,197</u>	<u>124,536</u>
Retained Earnings at Beginning of Year	701,198	302,667	1,003,865
Retained Earnings at End of Year	810,537	317,864	1,128,401
Contributed Capital at Beginning of Year	305,006	-	305,006
Contributed Capital at End of Year	305,006	-	305,006
Total Fund Equity at End of Year	<u>\$1,115,543</u>	<u>\$317,864</u>	<u>\$1,433,407</u>

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

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals Memorandum Only
	Enterprise	Internal Service	
Increase/(Decrease) in Cash & Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Tuition and Fees	\$1,059,212	\$0	\$1,059,212
Cash Received from Sales	457,832	-	457,832
Other Cash Receipts	48,089	506,684	554,773
Cash Payments to Suppliers for Goods & Service	(477,807)	-	(477,807)
Cash Payments for Contract Services	(180,429)	(429,165)	(609,594)
Cash Payments for Employee Services	(1,326,520)	-	(1,326,520)
Cash Payments for Employee Benefits	(260,023)	(63,930)	(323,953)
Other Cash Payments	(9,058)	(283)	(9,341)
Net Cash Provided by (Used for) Operating Activities	<u>(688,704)</u>	<u>13,306</u>	<u>(675,398)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	743,716	-	743,716
Net Cash Provided by Noncapital Financing Activities	<u>743,716</u>	<u>-</u>	<u>743,716</u>
Cash Flows from Investing Activities:			
Interest on Investments	1,108	-	1,108
Net Cash Provided by (Used for) Investing Activities	<u>1,108</u>	<u>-</u>	<u>1,108</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(15,534)	-	(15,534)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(15,534)</u>	<u>-</u>	<u>(15,534)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,586	13,306	53,892
Cash & Cash Equivalents at Beginning of Year	533,150	337,626	870,776
Cash & Cash Equivalents at End of Year	<u>\$573,736</u>	<u>\$350,932</u>	<u>\$924,668</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating (Loss)	(\$564,737)	\$15,197	(\$549,540)
Adjustments to Reconcile Operating (loss) To Net Cash Provided by (Used for) Operating Activities:			
Depreciation	89,778	-	89,778
Federal Donated Commodities	7,966	-	7,966
(Increase) Decrease in Assets:			
Accounts Receivable	(51,800)	-	(51,800)
Intergovernmental Receivable	(137,400)	-	(137,400)
Material and Supplies Inventory	12,905	-	12,905
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	(1,501)	-	(1,501)
Intergovernmental Payable	7,505	-	7,505
Deferred Revenue	(14,285)	-	(14,285)
Accounts Payable	(14,498)	-	(14,498)
Accrued Wages and Benefits	(22,637)	-	(22,637)
Claims Payable	-	(1,891)	(1,891)
Total Adjustments	<u>(123,967)</u>	<u>(1,891)</u>	<u>(125,858)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$688,704)</u>	<u>\$13,306</u>	<u>(675,398)</u>

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Eastland Vocational School District (the "School District") is a joint vocational school district organized under section 3311.18 of the Ohio Revised Code. The School District provides vocational education for sixteen (fifteen statute and one contracted) school districts serving an eligible student population of 6,593 throughout 786 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking, and Perry counties. A 9-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 assessed for over 3.4 billion dollar tax duplicate and by funds from the State of Ohio Joint Vocational School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Eastland 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 organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations 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. The School District does not have any component units.

The School District is associated with an organization, which is defined as an insurance purchasing pool. This organization is the Ohio School Boards Association Worker's Compensation Group Rating Plan. This organization is presented in the Notes to the general purpose financial statements.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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 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:

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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

Proprietary Fund Types:

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

Enterprise Funds - Enterprise funds are used to account for School District 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.

Internal Service Funds - Internal service fund are used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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 include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the School District is sixty days after the June 30 year end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999 and which are intended to finance fiscal 2000 operations have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) were recognized as revenue.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period, in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Budgetary Process

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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

Advances in and 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 Franklin 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 year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

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.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to repurchase agreements, U. S. Treasury Notes, and STAR Ohio. All investments of the School District had a maturity of two years or less. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of 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, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$411,016.

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.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

E. 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. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of zero 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 fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

H. 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. Other than commodities, 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.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

- Other Grants
- School Improvement (Venture Capital)
- Consumer Economic Education
- Career Development
- Teacher Development
- Management Information Systems
- Data Communication
- Adult Basic Education
- Vocational Education (Perkins)
- Title VI

Agency Funds

- Pell Grant

Reimbursable Grants

General Fund

- Vocational Education Travel/Salary

Proprietary Funds

- National School Lunch Program

Grants and entitlements amounted to approximately 35 percent of the School District's operating revenue during the 1999 fiscal year.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

Vested and accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the respective governmental fund. Amounts vested and accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligation Account Group. No expenditure is reported for these amounts. The School District is in compliance with GASB 16 by calculating severance for any full-time employee with more than ten years of service in the retirement system.

Vested and accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Accumulated vacation and sick leave of governmental fund type employees meeting eligibility requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligation Account Group. Vacation and sick leave for employees paid from proprietary funds, is recorded as an expense when earned.

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 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. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

Eastland Vocational School District

**Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)**

L. Interfund Transactions

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

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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

O. Contributed Capital

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

P. 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.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 1999, the Other Local Grants, Consumer Education Projects, Career Development, Teacher Development, Miscellaneous State Grants, Adult Basic Education, and Vocational Education, which had deficit fund balances of \$12,924, \$1,800, \$20,661, \$2,719, \$23,180, \$24,016, and \$151,003, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

NOTE 4 - 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 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 proprietary fund type (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>
Budget Basis	(\$436,665)	(\$298,728)
Net Adjustment for Revenue Accruals	906,672	(54,367)
Net Adjustment for Expenditure Accruals	(579,737)	11,488
Adjustment for Encumbrances	2,517,655	210,321
GAAP Basis	<u>\$2,407,925</u>	<u>(\$131,286)</u>

NOTE 5 - 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.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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

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

Interim monies may be invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

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

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificate of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$392,857) and the bank balance was \$83,368. All of the bank balance was covered by federal depository.

Eastland Vocational School District

**Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)**

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held 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. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Market Value
U. S. Government Securities	\$2,977,729	\$2,977,729	\$2,977,729
Repurchase Agreement	835,394	835,394	835,394
STAR Ohio		5,340,534	5,340,534
Totals		<u>\$9,153,657</u>	<u>\$9,153,657</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

The School District receives property taxes from Franklin County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 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, tangible personal property, and public utility taxes, which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$1,153,747 in the General Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$3,316,280,590	84%
Public Utility	262,911,830	6%
Tangible Personal Property	396,860,057	10%
Total Assessed Value	<u>\$3,976,052,477</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$2.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Taxes Receivable	\$11,105,365
Accounts Receivable	5,538
Special Revenue Funds	
Accounts Receivable	82
Intergovernmental	3,000
Enterprise Funds	
Accounts Receivable	131,345
Intergovernmental	137,400
Agency Funds	
Accounts Receivable	1,470
Total Receivables	<u>\$11,384,200</u>

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

NOTE 8 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land and Improvements	\$449,800	\$0	\$0	\$449,800
Buildings and Improvements	11,182,953	1,152,193	0	12,335,146
Furniture and Equipment	5,365,296	280,747	716,461	4,929,582
Vehicles	215,996	0	0	215,996
Construction In-Progress	1,148,023	0	1,148,023	0
Totals	\$18,362,068	\$1,432,940	\$1,864,484	\$17,930,524

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$833,812
Less: Accumulated Depreciation	<u>(518,002)</u>
Net Fixed Assets	<u>\$315,810</u>

NOTE 9 - RISK MANAGEMENT

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by R. E. Harrington Company, which provides claims review and processing services. The School District has purchased specific stop-loss benefit covering cost above the \$25,000 individual retention mark to a maximize lifetime reimbursement of \$975,000. The annual aggregate attachment point amount for the period ending June 30, 1999 is \$460,180.

Eastland Vocational School District

Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)

The liability for unpaid claim costs of \$33,068 reported in the internal service fund at June 30, 1999 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicated and the amount of the loss can be reasonably estimated. Estimates were calculated by using the actual claims reports for a 90 day period following the balance sheet date. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
1998	\$90,999	\$473,494	\$529,534	\$34,959
1999	\$34,959	\$427,274	\$429,165	\$33,068

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Eastland Vocational School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$212,719, \$187,319, and \$225,295, respectively; 99 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997.

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

B. State Teachers Retirement System

The Eastland Vocational 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Eastland Vocational School District is required to contribute 14 percent. 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$815,321, \$802,867, and \$960,250, respectively; 90 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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

Eastland Vocational School District

Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8 percent of covered payroll.

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

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 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400. 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$186.9 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 1999, as certified to your district by SERS.

Eastland Vocational School District

**Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)**

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal 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 the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 45 days for certified employees.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Balance at July 1, 1998	Additions	Deductions	Balance at June 30, 1999
Vocational Loan	\$937,390	\$0	\$133,913	\$803,477
Equipment Loan	73,440	0	48,960	24,480
Construction Loan	367,325	0	31,941	335,384
Energy Conservation	840,000	0	120,000	720,000
Long-Term Notes	2,218,155	\$0	\$334,814	\$1,883,341
Compensated Absences	596,326	0	32,683	563,643
Total Long-Term Obligations	\$2,814,481	\$0	\$367,497	\$2,446,984

Debt outstanding at June 30, 1999 consisted of a vocational loan of \$803,477, an equipment loan of \$24,480, a construction loan of \$335,384, and an energy conservation loan of \$720,000. There was no interest on the vocational, equipment and construction loans. The interest rate on the energy conservation loan was 6.5 percent. The vocational loan matures in fiscal year 2006. The equipment loan matures in fiscal year 2000. The construction loan matures in fiscal year 2010. The energy conservation loan matures in fiscal year 2000.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$357,884,723 with an unvoted debt margin of \$3,976,052 at June 30, 1999.

Eastland Vocational School District

**Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)**

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$310,334	\$44,850	\$355,184
2001	285,854	37,050	322,904
2002	285,854	29,250	315,104
2003	285,854	21,450	307,304
2004	285,854	13,650	299,504
2005-2009	413,620	5,850	419,470
2010-2012	15,971	0	15,971
Total	\$1,883,341	\$152,100	\$2,035,441

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$263,250	\$0
Special Revenue Fund:		
Other Local Grants	0	647
Consumer Education Projects	0	1,800
Career Development	0	20,447
Teacher Development	0	2,719
Miscellaneous State Grants	0	23,180
Adult Basic Education	0	16,634
Vocational Education	0	154,157
Enterprise Fund:		
Uniform School Supplies	0	43,666
Total All Funds	\$263,250	\$263,250

Eastland Vocational School District

Notes to the General Purpose Financial Statements

June 30, 1999

(Continued)

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Eastland Vocational School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Rotary	Adult Education	Total Enterprise Funds
Operating Revenues	\$207,874	\$273,611	\$22,308	\$1,277,426	\$1,781,219
Operating Expenses:					
Depreciation Expense	(17,377)	0	0	(72,401)	(89,778)
Other Expenses	(241,575)	(282,102)	(19,461)	(1,713,040)	(2,256,178)
Operating Income (Loss)	(51,078)	(8,491)	2,847	(508,015)	(564,737)
Non Operating Revenues And Expenses					
State and Federal Grants	15,835	0	0	654,922	670,757
Federal Donated Commodities	7,966	0	0	0	7,966
Loss on Disposal of Assets	(204)	0	0	(5,551)	(5,755)
Other Non Operating Revenue	0	0	0	1,108	1,108
Net Income (Loss)	(\$27,481)	(\$8,491)	\$2,847	\$142,464	\$109,339
Contributed Capital	\$84,433	\$0	\$0	\$220,573	\$305,006
Net Working Capital	\$156,092	\$4,558	\$53,197	\$585,886	\$799,733
Total Assets	\$277,019	\$50,630	\$53,907	\$889,083	\$1,270,639
Total Liabilities	\$36,889	\$46,072	\$710	\$71,425	\$155,096
Total Equity	\$240,130	\$4,558	\$53,197	\$817,658	\$1,115,543

NOTE 16 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), 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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Eastland Vocational School District

Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)

NOTE 17 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 1999, are summarized by source as follows:

Contributed Capital	Food Service	Adult Education	Totals
July 1, 1998	\$84,433	\$220,573	\$305,006
Current Contributions	0	0	0
June 30, 1999	<u>\$84,433</u>	<u>\$220,573</u>	<u>\$305,006</u>

NOTE 18 - CONTINGENCIES

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, 1999.

B. Litigation

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

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

Eastland Vocational School District

**Notes to the General Purpose Financial Statements
June 30, 1999
(Continued)**

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$76,490	
Current Year Set-aside Requirement	169,608	169,608	84,804	
Current Year Offsets	0	0	0	
Qualifying Disbursements	<u>(129,163)</u>	<u>(510,273)</u>	<u>0</u>	
Total	<u>\$40,445</u>	<u>(\$340,665)</u>	<u>\$161,294</u>	
Cash Balance Carried Forward to FY 2000	<u>\$40,445</u>	<u>\$0</u>	<u>\$161,294</u>	
Amount restricted for Textbooks				\$40,445
Amount restricted for Budget Stabilization				<u>161,294</u>
Total Restricted Assets				<u>\$201,739</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 20 - SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$3,206,306 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in the Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
Passed through the Ohio Department of Education:					
Child Nutrition Cluster:					
Food Distribution	10.550	\$ -	\$ 7,966	\$ -	\$ 7,966
National School Lunch Program	10.555	14,055	-	14,055	-
Total U.S. Department of Agriculture - Child Nutrition Cluster		<u>14,055</u>	<u>7,966</u>	<u>14,055</u>	<u>7,966</u>
U.S DEPARTMENT OF EDUCATION					
Pell Grant	84.063	143,391	-	143,391	-
Passed through the Ohio Department of Education::					
Adult Education - State Grant Program	84.002	143,135	-	157,661	-
Vocational Education - Basic Grants to State	84.048	623,542	-	697,187	-
Learn and Serve Grant	84.276	15,000	-	9,104	-
Eisenhower Professional Development State Grant	84.281	2,328	-	1,750	-
Innovative Education Program Strategies	84.298	3,607	-	3,607	-
Total U.S. Department of Education		<u>787,612</u>	<u>-</u>	<u>869,309</u>	<u>-</u>
Total Federal Awards		<u><u>\$ 945,058</u></u>	<u><u>\$ 7,966</u></u>	<u><u>\$ 1,026,755</u></u>	<u><u>\$ 7,966</u></u>

**EASTLAND VOCATIONAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 1999

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures includes the federal grant activity of Eastland Vocational School District, Franklin County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 1999, the District had no significant food commodities in inventory.



JOEL F. OLES, CPA

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CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
Eastland Vocational School District
4300 Amalgamated Place, Suite 150
Groveport, Ohio 43125-0419

We have audited the general purpose financial statements of Eastland Vocational School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated March 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 weakness. 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated March 17, 2000.

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


Joel F. Oles, CPA
Oles & Associates, LLC

March 17, 2000



& Associates, LLC

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

Board of Education
Eastland Vocational School District
4300 Amalgamated Place, Suite 150
Groveport, Ohio 43125-0419

Compliance

We have audited the compliance of Eastland Vocational School District, Franklin County, Ohio, (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 is applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

Board of Education
Eastland Vocational School District
Report on Compliance With Requirements Applicable to Each Major
Federal Program, Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

In our opinion, the Eastland Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

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


Joel F. Oles
Oles & Associates, LLC

March 17, 2000

**EASTLAND VOCATIONAL SCHOOL DISTRICT
JUNE 30, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

NONE.

3. FINDINGS FOR FEDERAL AWARDS

NONE.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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EASTLAND JOINT VOCATIONAL SCHOOL DISTRICT
FRANKLIN 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.

By: Susan Babbitt

Date: JUNE 13, 2000