

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Fund	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Trust Fund	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type	14
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type	15
Combined Statement of Cash Flows - Proprietary Fund Type	16
Notes to the General Purpose Financial Statements	18
Schedule of Federal Awards Expenditures	45
Notes to Schedule of Federal Awards Expenditures	46
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	47
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	49
Schedule of Findings	51
Data Collection Form	52



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

REPORT OF INDEPENDENT ACCOUNTANTS

Mahoning County Joint Vocational School District
Board of Education
7300 North Palmyra Road
Canfield, Ohio 44406

We have audited the general-purpose financial statements of the Mahoning County Joint Vocational School District, (the District) as of and for the year ended June 30, 1999. These general-purpose financial statements are the responsibility of the Mahoning County Joint Vocational School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 1999 on our consideration of the Mahoning County Joint Vocational School District's internal control over financial reporting and on 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 Government, taken as a whole. The accompanying schedule of federal awards 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.



JIM PETRO
Auditor of State

December 15, 1999

THIS PAGE INTENTIONALLY LEFT BLANK

Mahoning County Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,607.833	\$105.475	\$0	\$34.977
Receivables:				
Taxes	4,846.002	0	234.780	0
Accounts	2,017	268	0	0
Intergovernmental	250	72,698	0	0
Accrued Interest	40,076	0	0	0
Interfund Receivable	77,101	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	18,532	0	0	0
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	98,091	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$9,689,902	\$178,441	\$234,780	\$34,977

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$617,876	\$57,693	\$0	\$0	\$5,423,854
0	0	0	0	5,080,782
8,409	0	0	0	10,694
4,714	0	0	0	77,662
0	0	0	0	40,076
0	0	0	0	77,101
16,713	0	0	0	16,713
471	0	0	0	19,003
0	0	0	0	98,091
163,178	0	12,713,084	0	12,876,262
0	0	0	1,214,049	1,214,049
<u>\$811,361</u>	<u>\$57,693</u>	<u>\$12,713,084</u>	<u>\$1,214,049</u>	<u>\$24,934,287</u>

(continued)

Mahoning County Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups (continued)
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
Liabilities.				
<u>Fund Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$207,823	\$8,993	\$0	\$0
Contracts Payable	27,525	0	0	0
Accrued Wages and Benefits	342,177	11,167	0	0
Compensated Absences Payable	94,327	4,576	0	0
Interfund Payable	0	73,960	0	0
Intergovernmental Payable	63,242	2,875	0	0
Deferred Revenue	4,846,002	0	234,780	0
Due to Students	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Total Liabilities	5,581,096	101,571	234,780	0
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	170,255	19,689	0	0
Reserved for Inventory	18,532	0	0	0
Reserved for Property Taxes	253	0	0	0
Reserved for Budget Stabilization	98,091	0	0	0
Unreserved:				
Designated	4,719	0	0	0
Undesignated	3,816,956	57,181	0	34,977
Total Fund Equity and Other Credits	4,108,806	76,870	0	34,977
Total Liabilities, Fund Equity and Other Credits	\$9,689,902	\$178,441	\$234,780	\$34,977

See accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$9,653	\$0	\$0	\$0	\$226,469
0	0	0	0	27,525
44,369	0	0	0	397,713
82,216	0	0	648,550	829,669
3,141	0	0	0	77,101
8,413	0	0	4,249	78,779
2,789	0	0	0	5,083,571
0	18,607	0	0	18,607
0	0	0	430,000	430,000
0	0	0	131,250	131,250
<u>150,581</u>	<u>18,607</u>	<u>0</u>	<u>1,214,049</u>	<u>7,300,684</u>
0	0	12,713,084	0	12,713,084
138,428	0	0	0	138,428
522,352	0	0	0	522,352
0	0	0	0	189,944
0	0	0	0	18,532
0	0	0	0	253
0	0	0	0	98,091
0	0	0	0	4,719
0	39,086	0	0	3,948,200
<u>660,780</u>	<u>39,086</u>	<u>12,713,084</u>	<u>0</u>	<u>17,633,603</u>
<u>\$811,361</u>	<u>\$57,693</u>	<u>\$12,713,084</u>	<u>\$1,214,049</u>	<u>\$24,934,287</u>

Mahoning County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Governmental	
	General	Special Revenue
<u>Revenues:</u>		
Taxes	\$4,226,536	\$0
Intergovernmental	2,733,545	1,000,118
Interest	256,260	0
Tuition and Fees	3,851	0
Rentals	2,500	0
Gifts and Donations	6,473	5,500
Customer Services	45,252	8,669
Miscellaneous	807	8,873
	7,275,224	1,023,160
<u>Expenditures:</u>		
Current:		
Instruction:		
Regular	606,046	11,506
Vocational	2,934,638	148,069
Adult/Continuing	0	241,035
Support Services:		
Pupils	524,292	227,674
Instructional Staff	505,321	49,215
Board of Education	42,638	0
Administration	339,208	90,850
Fiscal	259,227	0
Business	7,458	0
Operation and Maintenance of Plant	890,838	0
Pupil Transportation	10,277	2,606
Central	18,479	116,641
Non-Instructional Services	260	0
Extracurricular Activities	42,139	2,883
Capital Outlay	540,400	0
Intergovernmental	0	1,844
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
	6,721,221	892,323
Excess of Revenues Over Expenditures	554,003	130,837
<u>Other Financing Sources (Uses):</u>		
Sale of Fixed Assets	600	0
Operating Transfers In	11,634	0
Operating Transfers Out	(80,634)	0
	(68,400)	0
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	485,603	130,837
Fund Balances Beginning of Year	3,618,570	(53,967)
Increase in Reserve for Inventory	4,633	0
Fund Balances at End of Year	\$4,108,806	\$76,870

See accompanying Notes to the General Purpose Financial Statements

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$244,670	\$0	\$0	\$4,471,206
0	645	0	3,734,308
0	0	1,878	258,138
0	0	0	3,851
0	0	0	2,500
0	0	0	11,973
0	0	0	53,921
0	0	0	9,680
<u>244,670</u>	<u>645</u>	<u>1,878</u>	<u>8,545,577</u>
0	0	0	617,552
0	0	0	3,082,707
0	0	0	241,035
0	0	0	751,966
0	0	0	554,536
0	0	0	42,638
0	0	0	430,058
0	0	0	259,227
0	0	0	7,458
0	0	0	890,838
0	0	0	12,883
0	0	0	135,120
0	0	0	260
0	0	0	45,022
0	645	0	541,045
0	0	0	1,844
215,000	0	0	215,000
29,670	0	0	29,670
<u>244,670</u>	<u>645</u>	<u>0</u>	<u>7,858,859</u>
0	0	1,878	686,718
0	0	0	600
0	0	0	11,634
0	0	0	(80,634)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(68,400)</u>
0	0	1,878	618,318
0	34,977	37,208	3,636,788
0	0	0	4,633
<u>\$0</u>	<u>\$34,977</u>	<u>\$39,086</u>	<u>\$4,259,739</u>

Mahoning County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$4,105,330	\$4,226,740	\$121,410
Intergovernmental	2,448,934	2,733,468	284,534
Interest	306,600	225,801	(80,799)
Tuition and Fees	0	3,851	3,851
Rentals	3,000	2,500	(500)
Gifts and Donations	3,000	6,473	3,473
Customer Services	57,000	50,485	(6,515)
Miscellaneous	3,100	1,717	(1,383)
Total Revenues	6,926,964	7,251,035	324,071
Expenditures:			
Current:			
Instruction:			
Regular	619,125	599,770	19,355
Vocational	2,967,277	2,863,104	104,173
Adult/Continuing	0	0	0
Support Services:			
Pupils	533,818	512,890	20,928
Instructional Staff	617,343	600,176	17,167
Board of Education	63,815	45,791	18,024
Administration	366,058	350,880	15,178
Fiscal	270,708	258,074	12,634
Business	17,153	7,458	9,695
Operation and Maintenance of Plant	1,008,341	911,308	97,033
Pupil Transportation	74,900	10,275	64,625
Central	24,600	18,479	6,121
Non-Instructional Services	400	260	140
Extracurricular Activities	44,224	41,226	2,998
Capital Outlay	1,018,522	861,160	157,362
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	7,626,284	7,080,851	545,433
Excess of Revenues Over (Under) Expenditures	(699,320)	170,184	869,504
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	600	(400)
Advances In	77,061	77,061	0
Advances Out	(80,000)	(77,101)	2,899
Operating Transfers In	0	11,634	11,634
Operating Transfers Out	(86,634)	(80,634)	6,000
Total Other Financing Sources (Uses)	(88,573)	(68,440)	20,133
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(787,893)	101,744	889,637
Fund Balances at Beginning of Year	3,575,007	3,575,007	0
Prior Year Encumbrances Appropriated	739,944	739,944	0
Fund Balances at End of Year	\$3,527,058	\$4,416,695	\$889,637

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$244,670	\$244,670	\$0
967,691	927,690	(40,001)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,000	5,500	1,500	0	0	0
10,345	8,682	(1,663)	0	0	0
12,500	8,873	(3,627)	0	0	0
<u>994,536</u>	<u>950,745</u>	<u>(43,791)</u>	<u>244,670</u>	<u>244,670</u>	<u>0</u>
12,871	12,485	386	0	0	0
184,253	146,080	38,173	0	0	0
278,003	245,354	32,649	0	0	0
248,915	241,322	7,593	0	0	0
100,334	57,819	42,515	0	0	0
0	0	0	0	0	0
91,807	91,001	806	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,709	2,606	103	0	0	0
114,225	116,609	(2,384)	0	0	0
0	0	0	0	0	0
3,500	2,883	617	0	0	0
0	0	0	0	0	0
1,844	1,844	0	0	0	0
0	0	0	215,000	215,000	0
0	0	0	29,670	29,670	0
<u>1,038,461</u>	<u>918,003</u>	<u>120,458</u>	<u>244,670</u>	<u>244,670</u>	<u>0</u>
<u>(43,925)</u>	<u>32,742</u>	<u>76,667</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
79,758	73,960	(5,798)	0	0	0
(77,061)	(77,061)	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,697</u>	<u>(3,101)</u>	<u>(5,798)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(41,228)	29,641	70,869	0	0	0
26,096	26,096	0	0	0	0
26,173	26,173	0	0	0	0
<u>\$11,041</u>	<u>\$81,910</u>	<u>\$70,869</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

Mahoning County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Similar Trust Fund (continued)
 For the Fiscal Year Ended June 30, 1999

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Intergovernmental	645	645	0
Interest	0	0	0
Tuition and Fees	0	0	0
Rentals	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
Total Revenues	645	645	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	645	645	0
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	645	645	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balances at Beginning of Year	34,977	34,977	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$34,977	\$34,977	\$0

See accompanying Notes to the General Purpose Financial Statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,350,000	\$4,471,410	\$121,410
0	0	0	3,417,270	3,661,803	244,533
0	1,878	1,878	306,600	227,679	(78,921)
0	0	0	0	3,851	3,851
0	0	0	3,000	2,500	(500)
0	0	0	7,000	11,973	4,973
0	0	0	67,345	59,167	(8,178)
0	0	0	15,600	10,590	(5,010)
0	1,878	1,878	8,166,815	8,448,973	282,158
0	0	0	631,996	612,255	19,741
0	0	0	3,151,530	3,009,184	142,346
0	0	0	278,003	245,354	32,649
0	0	0	782,733	754,212	28,521
0	0	0	717,677	657,995	59,682
0	0	0	63,815	45,791	18,024
0	0	0	457,865	441,881	15,984
0	0	0	270,708	258,074	12,634
0	0	0	17,153	7,458	9,695
0	0	0	1,008,341	911,308	97,033
0	0	0	77,609	12,881	64,728
0	0	0	138,825	135,088	3,737
0	0	0	400	260	140
0	0	0	47,724	44,109	3,615
0	0	0	1,019,167	861,805	157,362
0	0	0	1,844	1,844	0
0	0	0	215,000	215,000	0
0	0	0	29,670	29,670	0
0	0	0	8,910,060	8,244,169	665,891
0	1,878	1,878	(743,245)	204,804	948,049
0	0	0	1,000	600	(400)
0	0	0	156,819	151,021	(5,798)
0	0	0	(157,061)	(154,162)	2,899
0	0	0	0	11,634	11,634
0	0	0	(86,634)	(80,634)	6,000
0	0	0	(85,876)	(71,541)	14,335
0	1,878	1,878	(829,121)	133,263	962,384
37,208	37,208	0	3,673,288	3,673,288	0
0	0	0	766,117	766,117	0
<u>\$37,208</u>	<u>\$39,086</u>	<u>\$1,878</u>	<u>\$3,610,284</u>	<u>\$4,572,668</u>	<u>\$962,384</u>

Mahoning County Joint Vocational School District
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 1999

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$493,711
Sales	141,818
	635,529
<u>Operating Expenses:</u>	
Salaries and Wages	538,621
Fringe Benefits	162,818
Purchased Services	44,692
Cost of Sales	182,982
Depreciation	30,915
Other	7,630
	967,658
Total Operating Expenses	967,658
Operating Loss	(332,129)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	6,587
Operating Grants	222,440
	229,027
Total Non-Operating Revenues	229,027
Loss Before Operating Transfers	(103,102)
Operating Transfers In	69,000
Net Loss	(34,102)
Retained Earnings Beginning of Year (Restated See Note 3)	556,454
Retained Earnings End of Year	522,352
Contributed Capital Beginning and End of Year	138,428
Total Fund Equity End of Year	\$660,780

See accompanying Notes to the General Purpose Financial Statements

Mahoning County Joint Vocational School District
 Combined Statement of Revenues, Expenses and Charges
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition	\$630,000	\$494,643	(\$135,357)
Sales	150,200	142,535	(7,665)
Other	1,000	0	(1,000)
Grants	225,000	266,486	41,486
Total Revenues	<u>1,006,200</u>	<u>903,664</u>	<u>(102,536)</u>
Expenses:			
Salaries and Wages	697,608	540,902	156,706
Fringe Benefits	207,332	156,092	51,240
Purchased Services	102,175	44,621	57,554
Materials and Supplies	261,724	163,473	98,251
Capital Outlay	96,135	57,782	38,353
Other	12,000	7,630	4,370
Total Expenses	<u>1,376,974</u>	<u>970,500</u>	<u>406,474</u>
Excess of Revenues Under Expenses	(370,774)	(66,836)	303,938
Operating Transfers In	67,375	69,000	1,625
Advances In	0	3,141	3,141
Excess of Revenues Over (Under) Expenses and Operating Transfers and Advances	(303,399)	5,305	308,704
Fund Equity Beginning of Year	597,495	597,495	0
Prior Year Encumbrances Appropriated	12,935	12,935	0
Fund Equity End of Year	<u>\$307,031</u>	<u>\$615,735</u>	<u>\$308,704</u>

See accompanying Notes to the General Purpose Financial Statements

Mahoning County Joint Vocational School District
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 1999

	<u>Enterprise</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Tuition Payments	\$494,643
Cash Received from Customers	142,535
Cash Payments to Employees for Services	(540,902)
Cash Payments for Employee Benefits	(156,092)
Cash Payments to Suppliers for Goods and Services	(205,954)
Other Operating Expenses	<u>(7,630)</u>
Net Cash Used for Operating Activities:	<u>(273,400)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	266,486
Operating Transfers In	69,000
Advances In	<u>3,141</u>
Net Cash Provided by Noncapital Financing Activities	<u>338,627</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Acquisitions	<u>(57,782)</u>
Net Increase in Cash and Cash Equivalents	7,445
Cash and Cash Equivalents Beginning of Year	<u>610,431</u>
Cash and Cash Equivalents End of Year	<u><u>\$617,876</u></u>

(continued)

Mahoning County Joint Vocational School District
 Combined Statement of Cash Flows
 Proprietary Fund Type (continued)
 For the Fiscal Year Ended June 30, 1999

Reconciliation of Operating Loss to Net Cash	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$332,129)
Adjustments to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	30,915
Donated Commodities Used During Year	6,587
(Increase) Decrease in Assets:	
Accounts Receivable	1,649
Inventory Held for Resale	15,147
Material and Supplies Inventory	(213)
Increase (Decrease) in Liabilities:	
Accounts Payable	9,074
Accrued Wages and Benefits	(3,129)
Compensated Absences Payable	848
Intergovernmental Payable	(2,149)
	<hr/>
Total Adjustments	58,729
	<hr/>
Net Cash Used for Operating Activities	<u>(\$273,400)</u>

See accompanying Notes to the General Purpose Financial Statements

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Mahoning County Joint Vocational School (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Mahoning County Joint Vocational School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

budgeting authority for these city services.

Member School Districts - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered to be part of the Mahoning County Joint Vocational School District.

Canfield Branch of the Mahoning County Public Library - The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the library.

The School District is associated with certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 14 to the combined financial statements and the public entity risk pools are presented in Note 19. These organizations are:

- Area Cooperative Computerized Educational Service System
- Tech Prep Consortium
- Ohio School Boards Association Workers' Compensation Group Rating Program
- Mahoning County Insurance Consortium

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 more 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 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

the funds because they do not directly affect net expendable available financial 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 and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are established 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 not being financed by the proprietary funds.

Capital Projects Fund - The capital projects 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 Type:

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

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental 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 and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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 type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues for governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

By no later than January 20, the Board-adopted budget is filed with the Mahoning County

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

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 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 statement reflect the amounts in the final Amended Certificate issued during fiscal year 1999. At year end, the School District requested and received an amended Certificate of Estimated Resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, 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 expenditures 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.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each funds' 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 securities issued by the Federal Home Loan Bank, Federal National Mortgage Association and interest in the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$256,260, which includes \$34,614 assigned from other School District funds. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are considered to be investments.

E. 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 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

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 an inventory item 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 spendable 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.

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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund.

All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

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

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

Non-Reimbursable Grants

Special Revenue Funds

Vocational Education: Carl Perkins Act of 1984

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Title VI
Management Information Systems
Adult Basic Literacy Education
Pell Grant
Economic Education Grant
School to Work Grant
Career Development Grant
School to Apprenticeship Grant
Goals 2000

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities
Job Opportunities Basic Skills (JOBS) Assessment Grant
Vocational Education Equipment Grant

Grants and entitlements amounted to forty-four percent of the School District's revenue for governmental funds during the 1999 fiscal year.

I. Short-term Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables."

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Contributed Capital

Contributed capital in the proprietary funds represents resources received from other funds and capital grants. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

resources is expensed and closed to unreserved retained earnings at year end. There were no additions to contributed capital during fiscal year 1999.

L. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Long-term loans and early retirement incentives are reported as a liability of the general long-term obligations account group until due.

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

M. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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.

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. Estimates

The preparation of financial statements in conformity with generally accepted accounting

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 – RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS

At June 30, 1998, the enterprise funds' retained earnings was overstated due to the overstatement of fixed assets in that fund. Therefore, retained earnings decreased \$4,162, from \$560,616 to \$556,454.

The balance in the general fixed asset account group was understated at June 30, 1998. The balance increased \$9,582, from \$12,075,287 to \$12,084,869.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type 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) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses
Governmental Fund Types and Similar Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
GAAP Basis	\$485,603	\$130,837	\$1,878
Revenue Accruals	(24,189)	(72,415)	0
Advance In	77,061	73,960	0
Expenditure Accruals	(49,320)	(2,115)	0
Advance Out	(77,101)	(77,061)	0
Encumbrances	<u>(310,310)</u>	<u>(23,565)</u>	<u>0</u>
Budget Basis	<u>\$101,744</u>	<u>\$29,641</u>	<u>\$1,878</u>

Net Loss/Excess of Revenues Over
Expenses, Advances and Operating Transfers
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	(\$34,102)
Revenue Accruals	28,972
Advance In	3,141
Expense Accruals	36,302
Capital Outlay	(57,782)
Depreciation Expense	30,915
Encumbrances	<u>(2,141)</u>
Budget Basis	<u>\$5,305</u>

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits:

Fund balances/retained earnings at June 30, 1999, included the following individual fund deficits:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Funds:	
Vocational Assessment Center	\$ 290
Career Development Grant	4,747
School to Work	3,386
Economic Education	1,800
Food Service Enterprise Fund	127,784

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Special revenue fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the food service enterprise fund resulted from the conversion to generally accepted accounting principles. Management is analyzing the food service operations to determine appropriate steps to eliminate the deficit.

B. Legal Compliance:

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Ohio Revised Code:

	<u>Excess</u>
<u>Special Revenue Funds:</u>	
Career Development Grant Fund:	
Regular Instruction	\$ 791
Vocational Education Fund:	
Central Support Services	2,618

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the School District 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 pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

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

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

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

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

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====
Deposits. At fiscal year end, the carrying amount of the School District's deposits was (\$62,476) and the bank balance was \$85,901. The entire bank balances were covered by federal depository insurance.

Investments. The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or 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 which are held by the counterparty or by its trust department or agent but not in the School District's name. STAR Ohio is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal Home Loan Bank	\$986,600	\$986,600
Federal National Mortgage Association	993,100	993,100
STAR Ohio		3,604,721
Total Investments		\$5,584,421

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$5,521,945	\$0
Investments of the Cash Management Pool:		
Federal Home Loan Bank	(986,600)	986,600
Federal National Mortgage Association	(993,100)	993,100
STAR Ohio	(3,604,721)	3,604,721
GASB Statement No. 3	(\$62,476)	\$5,584,421

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 1999 for real

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

and public utility property taxes represents collections of calendar year 1998 taxes. Property tax payments received during calendar year 1999 for tangible personal property (other than public utility property) is for calendar year 1999 taxes.

1999 real property tax are levied after April 1, 1999, on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 1999 public utility taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the values as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,997,984,720	83.92%	\$2,120,608,400	84.04%
Public Utility	156,297,120	6.56	170,290,680	7.06
Tangible Personal Property	<u>226,674,440</u>	<u>9.52</u>	<u>232,458,450</u>	<u>8.90</u>
Total Assessed Value	<u>\$2,380,956,280</u>	<u>100.00%</u>	<u>\$2,523,357,530</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

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.

The School District receives property taxes from Mahoning, Trumbull, Columbiana and Portage Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the 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.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mahoning County Joint Vocational School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represents delinquent taxes outstanding and real property, 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 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 is recognized as revenue. At June 30, 1998 and 1999, \$204 and \$253, respectively, were available to the General Fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of accounts (rent and tuition) 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Reimbursement	_ \$250
Special Revenue Funds:	
Rotary	
Excess Costs	537
Career Development	
Auditor of State	12,752
Vocational Education	
Auditor of State	<u>59,409</u>
Total Special Revenue	<u>72,698</u>
Enterprise Funds:	
June Federal Subsidy	<u>4,714</u>
Grand Total	<u>\$77,662</u>

NOTE 9 - FIXED ASSETS

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

Furniture and Equipment	\$367,005
Less accumulated depreciation	<u>(203,827)</u>
Net Fixed Assets	<u>\$163,178</u>

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

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	\$139,247	\$0	\$0	\$139,247
Buildings	8,015,367	0	0	8,015,367
Furniture and Equipment	3,854,436	642,541	14,326	4,482,651
Vehicles	75,819	0	0	75,819
Totals	<u>\$12,084,869</u>	<u>\$642,541</u>	<u>\$14,326</u>	<u>\$12,713,084</u>

There was no construction in progress at June 30, 1999.

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with the Nationwide Mutual Insurance Company for property insurance with a \$1,000 deductible per occurrence. Liability insurance is provided by the Nationwide Mutual Insurance Company with a \$5,000,000 aggregate limit.

Fleet insurance is also provided by Nationwide Mutual Insurance Company with a \$250 deductible for collision coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A \$60,000 performance bond is maintained for the treasurer and a \$100,000 fidelity bond is maintained for the adult education coordinator through the Cincinnati Insurance Company.

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 19). 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.

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

an annual calculation process. The Mahoning County Joint Vocational School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$408.60 for family coverage and \$166.64 for single coverage per employee per month.

Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$39.13 monthly on a composite basis. Monthly premiums for prescription drug insurance are \$119.86 for family coverage and \$52.59 for single coverage. The plan utilizes a \$2 prescription deductible.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Mahoning County Joint Vocational School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$42,550, \$81,079, and \$86,308, respectively; 73 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$11,550 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations 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 \$200,103, \$368,356, and \$394,381, respectively; 92 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$16,893 represents the unpaid contributions for fiscal year 1999 and is recorded as a liability within the respective funds.

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, two of the board of education members have elected social security. The board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$266,805 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, equaled \$39,554 during the 1999 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits

NOTE 13 - OTHER 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 year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred forty six days for classified employees and certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of fifty one days for certified employees and forty-six days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Medical and Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per employee. Life insurance is provided through the Educators Mutual Insurance Company.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Vision coverage is provided through the Vision Service Plan. Monthly premiums for vision coverage are \$23.84.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding.

B. Tech Prep Consortium

The Tech Prep Consortium is a cooperative effort between the School District, Youngstown State University and Youngstown City School District to support programs in business, engineering and health technology through business, industry, labor and educational personnel. All of the consortium revenues are from a federal grant. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President of Youngstown State University and a representative from business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in either of these organizations.

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year ended June 30, 1999, were as follows:

	Principal Outstanding <u>6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/99</u>
Energy Conservation Loan	\$645,000	\$0	\$215,000	\$430,000
Early Retirement Incentive	0	131,250	0	131,250
Intergovernmental Payable	1,859	4,249	1,859	4,249
Compensated Absences	<u>663,804</u>	<u>0</u>	<u>15,254</u>	<u>648,550</u>
Total General Long-Term Obligations	<u>\$1,310,663</u>	<u>\$135,499</u>	<u>\$232,113</u>	<u>\$1,214,049</u>

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====
Compensated absences and intergovernmental payables will be paid from the fund from which the person is paid. The energy conservation loan will be paid from the debt service fund revenues.

The School District's voted legal debt margin was \$214,286,065 with an unvoted debt margin of \$2,380,950 as of June 30, 1999.

Principal and interest requirements to retire the energy conservation loan are as follows:

2000	\$234,780
2001	<u>224,890</u>
Total	<u>\$459,670</u>

NOTE 16 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

<u>Fund:</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$77,101	\$ 0
Special Revenue Funds:		
Economic Education Grant	0	1,800
Career Development Grant	0	12,752
Vocational Education	<u>0</u>	<u>59,408</u>
Total Special Revenue Funds	<u>0</u>	<u>73,960</u>
Food Service Enterprise Fund	<u>0</u>	<u>3,141</u>
Total	<u>\$77,101</u>	<u>\$77,101</u>

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for food service operations, uniform school supplies and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Mahoning County Joint Vocational School District as of and for the fiscal year ended June 30, 1999.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$67,281	\$24,861	\$543,387	\$635,529
Depreciation Expense	2,330	0	28,585	30,915
Operating Income (Loss)	(63,830)	1,465	(269,764)	(332,129)
Donated Commodities	6,587	0	0	6,587
Operating Grants	34,412	0	188,028	222,440
Transfers In	19,000	0	50,000	69,000
Net Income (Loss)	(3,821)	1,465	(31,746)	(34,102)
Net Working Capital	54	8,425	577,269	585,748
Total Assets	18,535	8,425	784,401	811,361
Total Equity	(5,874)	8,425	658,229	660,780
Encumbrances June 30, 1999	0	0	2,141	2,141

NOTE 18 - CONTINGENCIES

A. Grants:

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation:

The Mahoning County Joint Vocational School District is not currently party to any legal proceedings.

C. School Foundation Money

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 the 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 \$2,120,298 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

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

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 the issue. The decision of the Court of Common Pleas in 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.

NOTE 19 - PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP 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 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 cost of administering the program.

B. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

NOTE 20 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations as early as fiscal 1999.

The School District has completed an inventory of computer systems and other equipment necessary for conducting the School District's operations. The School District has expended approximately \$4,000 for this project as of June 30, 1999, and all major equipment systems are compliant with Year 2000. The School District's power, heating, and air conditioning systems have been assessed, remediated, and tested.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and has given assurances to all school districts in Ohio using their software that it will be Year 2000 compliant.

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Duane Baker, Executive Director of the State Software Development Team states, "The payroll processing software supported with the OECN State Software is compliant with the Year 2000. The accounting software supported with the OECN State Software is compliant with the Year 2000. The education management information system software supported with the OECN State Software is compliant with the year 2000. The equipment inventory and vehicle inventory system software supported with the OECN State Software will be compliant with the Year 2000, beginning with the March 1999 release of SAAS V2.1."

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and Federal and State grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems and has given assurances related to Year 2000 compliance.

Property tax billing, collection and remittance for the School District is handled by Mahoning County. The County is responsible for remediating this system, and they have given assurances that their software systems will be Year 2000 compliant on or before January 1, 2000.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

NOTE 21 – SET-ASIDE CALCULATION AND FUND RESERVES

The School District is required by State statute to annually set aside in the General Fund an amount based on 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 the future years. The School District is also required to set aside money for budget stabilization.

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>Budget Stabilization Reserve</u>	<u>Textbook/ Instructional Materials</u>	<u>Capital Improvements</u>	<u>Totals</u>
Set-aside balance as of June 30, 1998	\$38,921	\$0	\$0	
Current year set-aside requirement	59,170	118,342	118,342	
Qualifying disbursements	<u>0</u>	<u>(427,394)</u>	<u>(866,532)</u>	
Total	<u>\$98,091</u>	<u>(\$309,052)</u>	<u>(\$748,190)</u>	
Cash balance carried forward to FY 2000	<u>\$98,091</u>	<u>\$0</u>	<u>\$0</u>	
Total Restricted Assets				<u>\$98,091</u>

Mahoning County Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

=====

Although the School District has qualifying expenditures during the year that reduced the set-aside amounts 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. The general fund balance includes \$4,719 that has been designated for the amount of set-asides in excess of requirements.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program (A)	N/A	10.550	\$0	\$7,343	\$0	\$6,587
National School Lunch Program (C)	N/A	10.555	27,828	0	27,828	0
Total U.S. Department of Agriculture - Nutrition Cluster			27,828	7,343	27,828	6,587
<u>U.S. DEPARTMENT OF LABOR (*)</u>						
Employment Services and Job Training Pilot and Demonstration Programs	051243-WK-BE-98 051243-WK-BE-99	17.249	6,000 5,000	0 0	9,902 3,162	0 0
Total U.S. Department of Labor			11,000	0	13,064	0
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education- State Grant Program	051243-AB-S1-98 051243-AB-S1-99	84.002	0 38,979	0 0	12,393 38,979	0 0
Jobs Club	N/A		1,100	0	1,100	0
Total Adult Education			40,079	0	52,472	0
Vocational Education - Basic Grants to States (B)	051243-20-A4-98 051243-20-A4-99 051243-20-C1-98 051243-20-C1-99 051243-20-C2-98 051243-20-C2-99	84.048	5,689 32,854 47,799 278,380 6,200 41,271	0 0 0 0 0 0	5,689 15,814 60,545 315,642 8,598 48,554	0 0 0 0 0 0
Total Vocational Education			412,193	0	454,842	0
Student Financial Assistance Cluster: Federal Pell Grant Program (D)	N/A	84.063	163,852	0	163,852	0
Goals 2000 - State and Local Education Systematic Improvement Grants	051243-G2-S6-99	84.276	40,000	0	532	0
Innovative Education Program Strategies	051243-C2-S1-99	84.298	2,194	0	2,194	0
Total Department of Education			658,318	0	673,892	0
<u>U.S. DEPARTMENT OF DEFENSE</u>						
Troops to Teachers	N3569794TTMI	12.xxx	15,000	0	15,000	0
Totals			\$712,146	\$7,343	\$729,784	\$6,587

The accompanying notes to this schedule are an integral part of this schedule.

(A) = Non-cash Federal Grant that does not flow through the financial records of the District.

(B)=During the fiscal year ended June 30, 1999, the District had one major federal financial assistance program as defined by the Single Audit Act of 1984.

(C)=Federal funds were commingled with state subsidies. It is assumed the receipts received were disbursed on a first-in, first-out basis (FIFO).

(D)=For the purpose of studying and evaluating internal accounting and administrative controls, this nonmajor program was treated as a major program.

(*) = U.S. Department of Labor - Guaranteed Student Loans and JTPA funds flow through the financial records of the District as tuition.

**MAHONING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
MAHONING COUNTY
FISCAL YEAR ENDED JUNE 30, 1999**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting, except expenditures of assistance passed through the Ohio Bureau of Employment Services Job Training Partnership Programs are presented on an accrual basis.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1997, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**Report of Independent Accountants on Compliance and on Internal
Control Required by *Government Auditing Standards***

Mahoning County Joint Vocational School District
Board of Education
7300 North Palmyra Road
Canfield, Ohio 44406

We have audited the financial statements of the Mahoning County Joint Vocational School District, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to the 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 Mahoning County Joint Vocational School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the Mahoning County Joint Vocational School District's management in a separate letter dated December 15, 1999.

INTERNAL CONTROL OVER FINANCIAL REPORTING

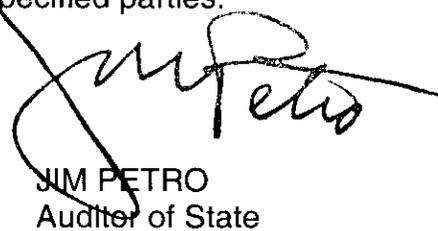
In planning and performing our audit, we considered the Mahoning County Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over the Mahoning County Joint Vocational School District's financial reporting and its operation that we considered to be material

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

weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Mahoning County Joint Vocational School District in a separate letter dated December 15, 1999.

This report is intended for the information and use of the Mahoning County Joint Vocational School District's 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.



JIM PETRO
Auditor of State

December 15, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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

Mahoning County Joint Vocational School District
Board of Education
7300 North Palmyra Road
Canfield, Ohio 44406

Compliance

We have audited the compliance of Mahoning County Joint Vocational School with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 1999. Mahoning County Joint Vocational School District's major federal programs are 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 the major federal programs is the responsibility of Mahoning County Joint Vocational School District's management. Our responsibility is to express an opinion on Mahoning County Joint Vocational School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the 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 Mahoning County Joint Vocational School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mahoning County Joint Vocational School District's compliance with those requirements.

In our opinion, Mahoning County Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the Mahoning County Joint Vocational School District's 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.



JIM PETRO
Auditor of State

December 15, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

JUNE 30, 1999

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 non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education (84.048) Pell Grant (84.063)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

