
Pickaway-Ross Joint Vocational School District

Ross County

Single Audit

July 1 , 1998 Through June 30, 1999

Fiscal Year Audited Under GAGAS: 1999

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Ross County

Single Audit

July 1, 1998 Through June 30, 1999

Fiscal Year Audited Under GAGAS: 1999

MICHAEL A. BALESTRA, CPA, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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PICKAWAY-ROSS JOINT VOCATIONAL SCHOOL DISTRICT
ROSS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
<i>Independent Auditors' Report</i>	
General Purpose Financial Statements	1
Combined Balance Sheet - All Fund Types and Account Groups	2-5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund	8-9
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	10
Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) -Proprietary Fund Type	11
Statement of Cash Flows -Proprietary Fund Type	12
Notes to the General Purpose Financial Statements	13-36
Schedule of Federal Awards Expenditures	37
Notes to Schedule of Federal Awards Expenditures	38
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards	39-40
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133	41-42
Schedule of Findings & Questioned Costs OMB Circular A-133 Section .505	43-44



STATE OF OHIO
OFFICE OF THE AUDITOR
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Board of Education
Pickaway-Ross Joint Vocational School District
Chillicothe, Ohio

We have reviewed the Independent Auditor's Report of the Pickaway-Ross Joint Vocational School District, Ross County, prepared by Michael A. Balestra, CPA, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

January 9, 2000

MICHAEL A. BALESTRA, CPA, INC.

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Independent Auditors' Report

Members of the Board
Pickaway-Ross Joint Vocational School District
895 Crouse Chapel Road
Chillicothe, Ohio 45601

We have audited the accompanying general-purpose financial statements of the Pickaway-Ross Joint Vocational School District, Ross County, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Pickaway-Ross 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 Pickaway-Ross Joint Vocational School District, Ross County, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type 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 October 31, 1999 on our consideration of the Pickaway-Ross Joint Vocational School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Pickaway-Ross Joint Vocational School District, Ross County, taken as a whole. The accompanying schedule of federal awards expenditures of federal awards is presented for purpose 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.

Members of the Board
Pickaway-Ross Joint Vocational School District
Independent Auditor's Report
Page 2

As described in Note 4 to the general-purpose financial statements, the Pickaway-Ross Joint Vocational School District implemented Governmental Accounting Standards Board Statement No. 32, Accounting and Financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public Accountants

October 31, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the School District include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of the proprietary fund type.

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(Continued)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,741,433	\$432,744	\$0
Receivables:			
Taxes	3,019,115	0	182,325
Accounts	42,152	312,945	0
Intergovernmental	0	109,051	0
Accrued Interest	6,063	0	0
Interfund	273,918	0	0
Prepaid Items	12,027	0	0
Materials and Supplies Inventory	44,181	9,000	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	185,095	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$6,323,984	\$863,740	\$182,325

See accompanying notes to the general purpose financial statements

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Internal Service	Trust and Agency			
\$13,110	\$29,178	\$0	\$0	\$3,216,465
0	0	0	0	3,201,440
7,133	0	0	0	362,230
0	0	0	0	109,051
0	0	0	0	6,063
0	0	0	0	273,918
0	0	0	0	12,027
0	0	0	0	53,181
0	0	0	0	185,095
0	0	2,739,807	0	2,739,807
0	0	0	1,911,428	1,911,428
<u>\$20,243</u>	<u>\$29,178</u>	<u>\$2,739,807</u>	<u>\$1,911,428</u>	<u>\$12,070,705</u>

See accompanying notes to the general purpose financial statements

(continued)

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1999

(Continued)

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<i>Liabilities,</i>			
<u><i>Fund Equity and Other Credits:</i></u>			
<u><i>Liabilities:</i></u>			
Accounts Payable	\$47,445	\$61,014	\$0
Accrued Wages and Benefits	908,558	63,762	0
Compensated Absences Payable	24,737	2,840	0
Interfund Payable	0	179,643	0
Intergovernmental Payable	290,640	34,433	0
Deferred Revenue	2,842,112	0	182,325
Undistributed Assets	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
Energy Conservation Loan Payable	0	0	0
Total Liabilities	4,113,492	341,692	182,325
<u><i>Fund Equity and Other Credits:</i></u>			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	143,511	193,923	0
Reserved for Inventory	44,181	9,000	0
Reserved for Property Taxes	177,003	0	0
Reserved for Budget Stabilization	185,095	0	0
Unreserved:			
Undesignated (Deficit)	1,660,702	319,125	0
Total Fund Equity (Deficit) and Other Credits	2,210,492	522,048	0
Total Liabilities, Fund Equity and Other Credits	\$6,323,984	\$863,740	\$182,325

See accompanying notes to the general purpose financial statements

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Internal Service	Trust and Agency			
\$2,616	\$33	\$0	\$0	\$111,108
0	0	0	0	972,320
0	0	0	819,346	846,923
83,175	11,100	0	0	273,918
54,239	0	0	12,301	391,613
0	0	0	0	3,024,437
0	29,107	0	0	29,107
90,791	0	0	0	90,791
0	0	0	169,781	169,781
0	0	0	910,000	910,000
<hr/> 230,821	<hr/> 40,240	<hr/> 0	<hr/> 1,911,428	<hr/> 6,819,998
0	0	2,739,807	0	2,739,807
(210,578)	0	0	0	(210,578)
0		0	0	337,434
0	0	0	0	53,181
0	0	0	0	177,003
0	0	0	0	185,095
0	(11,062)	0	0	1,968,765
<hr/> (210,578)	<hr/> (11,062)	<hr/> 2,739,807	<hr/> 0	<hr/> 5,250,707
<hr/> \$20,243	<hr/> \$29,178	<hr/> \$2,739,807	<hr/> \$1,911,428	<hr/> \$12,070,705

See accompanying notes to the general purpose financial statements

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service			
Revenues:						
Property Taxes	\$3,053,094	\$0	\$179,225	\$0	\$0	\$3,232,319
Intergovernmental	8,759,070	1,916,978	0	10,000	0	10,686,048
Interest	208,048	0	0	0	0	208,048
Tuition and Fees	90,248	461,155	0	0	0	551,403
Rent	5,455	0	0	0	0	5,455
Gifts and Donations	10,020	5,000	0	0	300	15,320
Customer Services	49,449	914,223	0	0	0	963,672
Miscellaneous	11,948	147,170	0	0	0	159,118
Total Revenues	12,187,332	3,444,526	179,225	10,000	300	15,821,383
Expenditures:						
Current:						
Instruction:						
Regular	343,847	0	0	0	0	343,847
Vocational	8,152,158	1,607,123	0	349	0	9,759,630
Adult/Continuing	0	128,477	0	0	0	128,477
Support Services:						
Pupils	743,674	760,947	0	0	0	1,504,621
Instructional Staff	667,571	499,893	0	10,000	0	1,177,464
Board of Education	37,144	0	0	0	0	37,144
Administration	320,236	59,915	0	0	0	380,151
Fiscal	268,635	22,484	0	0	0	291,119
Operation and Maintenance of Plant	739,069	1,600	0	0	0	740,669
Pupil Transportation	1,747	10,238	0	0	0	11,985
Central	46,799	159,025	0	0	9,636	215,460
Operation of Non-Instructional Services						
Services	524	401,411	0	0	0	401,935
Extracurricular Activities	1,439	0	0	0	0	1,439
Capital Outlay	139,004	0	0	0	0	139,004
Intergovernmental	0	3,572	0	0	0	3,572
Debt Service:						
Principal Retirement	124,193	5,934	120,000	0	0	250,127
Interest and Fiscal Charges	14,704	564	59,225	0	0	74,493
Total Expenditures	11,600,744	3,661,183	179,225	10,349	9,636	15,461,137
Excess of Revenues Over (Under) Expenditures	586,588	(216,657)	0	(349)	(9,336)	360,246
Other Financing Sources (Uses):						
Inception of Capital Lease	139,004	0	0	0	0	139,004
Operating Transfers - In	6,834	21,300	0	0	0	28,134
Operating Transfers - Out	(11,297)	(10,003)	(6,834)	0	0	(28,134)
Total Other Financing Sources (Uses)	134,541	11,297	(6,834)	0	0	139,004
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	721,129	(205,360)	(6,834)	(349)	(9,336)	499,250
Fund Balances (Deficit) at Beginning of Year - Restated (See Note 3)	1,550,976	725,313	6,834	349	(1,726)	2,281,746
Increase (Decrease) in Reserve for Inventory	(61,613)	2,095	0	0	0	(59,518)
Fund Balances (Deficit) at End of Year	\$2,210,492	\$522,048	\$0	\$0	(\$11,062)	\$2,721,478

See accompanying notes to the general purpose financial statements

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PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 1999

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUNDS</u>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$2,964,405	\$2,964,405	\$0	\$0	\$0	\$0
Intergovernmental	8,759,070	8,759,070	0	2,141,370	2,141,370	0
Interest	215,315	215,315	0	0	0	0
Tuition and Fees	82,202	82,202	0	445,123	445,123	0
Rent	5,455	5,455	0	0	0	0
Gifts and Donations	10,020	10,020	0	5,000	5,000	0
Customer Services	49,449	49,449	0	915,693	915,693	0
Miscellaneous	7,073	7,073	0	149,348	149,348	0
Total Revenues	12,092,989	12,092,989	0	3,656,534	3,656,534	0
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	348,658	348,658	0	0	0	0
Special	7	7	0	0	0	0
Vocational	8,529,772	8,529,772	0	1,711,889	1,711,889	0
Adult/Continuing	0	0	0	161,469	161,469	0
Other	0	0	0	36,233	36,233	0
Support Services:						
Pupils	742,921	742,921	0	814,891	814,891	0
Instructional Staff	692,939	692,939	0	527,675	527,675	0
Board of Education	44,244	44,244	0	0	0	0
Administration	332,482	332,482	0	57,955	57,955	0
Fiscal	276,627	276,627	0	23,078	23,078	0
Operation and Maintenance of Plant	823,702	823,702	0	2,028	2,028	0
Pupil Transportation	2,652	2,652	0	34,947	34,947	0
Central	53,908	53,908	0	179,465	179,465	0
Operation of Non-Instructional Services	0	0	0	394,627	394,627	0
Extracurricular Activities	2,150	2,150	0	0	0	0
Intergovernmental	0	0	0	3,572	3,572	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	11,850,062	11,850,062	0	3,947,829	3,947,829	0
Excess of Revenues Over (Under) Expenditures	242,927	242,927	0	(291,295)	(291,295)	0
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Year Expenditures	1,889	1,889	0	137	137	0
Refund of Prior Year Receipts	(1,305)	(1,305)	0	(2,315)	(2,315)	0
Advances - In	650,015	650,015	0	179,642	179,642	0
Advances - Out	0	(424,392)	(424,392)	0	(435,765)	(435,765)
Operating Transfers - In	6,834	6,834	0	21,300	21,300	0
Operating Transfers - Out	(11,297)	(11,297)	0	(10,003)	(10,003)	0
Other Financing Sources	4,291	4,291	0	0	0	0
Total Other Financing Sources (Uses)	650,427	226,035	(424,392)	188,761	(247,004)	(435,765)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	893,354	468,962	(424,392)	(102,534)	(538,299)	(435,765)
Fund Balances at Beginning of Year	1,961,299	1,961,299	0	217,295	217,295	0
Prior Year Encumbrances Appropriated	259,827	259,827	0	533,654	533,654	0
Fund Balances at End of Year	\$3,114,480	\$2,690,088	(\$424,392)	\$648,415	\$212,650	(\$435,765)

See accompanying notes to the general purpose financial statements

<i>DEBT SERVICE FUND</i>			<i>CAPITAL PROJECTS FUND</i>			<i>EXPENDABLE TRUST FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$179,225	\$179,225	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	10,000	10,000	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	300	300	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
179,225	179,225	0	10,000	10,000	0	300	300	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	443	443	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	10,000	10,000	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	9,603	9,603	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
120,000	120,000	0	0	0	0	0	0	0
59,225	59,225	0	0	0	0	0	0	0
179,225	179,225	0	10,443	10,443	0	9,603	9,603	0
0	0	0	(443)	(443)	0	(9,303)	(9,303)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	11,100	11,100	0
0	0	0	0	0	0	0	(1,800)	(1,800)
0	0	0	0	0	0	0	0	0
(6,834)	(6,834)	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(6,834)	(6,834)	0	0	0	0	11,100	9,300	(1,800)
(6,834)	(6,834)	0	(443)	(443)	0	1,797	(3)	(1,800)
6,834	6,834	0	0	0	0	0	0	0
0	0	0	443	443	0	75	75	0
\$0	\$0	\$0	\$0	\$0	\$0	\$1,872	\$72	(\$1,800)

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	<u>Internal Service</u>
<u>Operating Revenues:</u>	
Charges for Services	\$900,604
<u>Operating Expenses:</u>	
Purchased Services	9,189
Claims	1,067,060
<i>Total Operating Expenses</i>	1,076,249
Operating Loss	(175,645)
<u>Non-Operating Revenues:</u>	
Interest	544
Net Loss	(175,101)
Retained Earnings (Deficit) at Beginning of Year	(35,477)
Retained Earnings (Deficit) at End of Year	(\$210,578)

See accompanying notes to the general purpose financial statements

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Charges for Services	\$892,588	\$892,588	\$0
<u>Expenses:</u>			
Other	914,815	914,815	0
Excess of Revenues Under Expenses	(22,227)	(22,227)	0
Advances - In	83,200	83,200	0
Advances - Out	0	(62,000)	(62,000)
Excess of Revenues Over (Under) Expenses and Advances	60,973	(1,027)	(62,000)
Fund Equity at Beginning of Year	4,355	4,355	0
Prior Year Encumbrances Appropriated	7,526	7,526	0
Fund Equity at End of Year	<u>\$72,854</u>	<u>\$10,854</u>	<u>(\$62,000)</u>

See accompanying notes to the general purpose financial statements

PICKAWAY-ROSS COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund Type

For the Fiscal Year Ended June 30, 1999

	Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>	
<i><u>Cash Flows from Operating Activities:</u></i>	
Cash Received from Quasi-External Transactions with Other Funds	\$892,588
Cash Received from Other Operating Sources	8,727
Cash Payments to Suppliers for Goods and Services	(6,716)
Cash Payments for Claims	(1,058,977)
	<hr/>
Net Cash Used for Operating Activities	(164,378)
	<hr/>
<i><u>Cash Flows from Noncapital Financing Activities:</u></i>	
Short-term Borrowing From Another Government	54,239
Advances - In	83,200
Advances - Out	(62,000)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	75,439
	<hr/>
<i><u>Cash Flows from Investing Activities:</u></i>	
Interest	544
	<hr/>
Net Decrease in Cash and Cash Equivalents	(88,395)
	<hr/>
Cash and Cash Equivalents at Beginning of Year	101,505
	<hr/>
Cash and Cash Equivalents at End of Year	<u>\$67,349</u>
	<hr/>
<i><u>Reconciliation of Operating Loss to Net</u></i>	
<i><u>Cash Used for Operating Activities:</u></i>	
Operating Loss	(\$175,645)
<i><u>Adjustments to Reconcile Operating Loss to</u></i>	
<i><u>Net Cash Used for Operating Activities:</u></i>	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	711
Increase in Accounts Payable	2,473
Increase in Claims Payable	8,083
	<hr/>
Total Adjustments	11,267
	<hr/>
Net Cash Used for Operating Activities	<u>(\$164,378)</u>

See accompanying notes to the general purpose financial statements

Pickaway-Ross 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

Pickaway-Ross County Joint Vocational School District (the "School District") is a distinct political subdivision of the State of Ohio operated under the direction of a Board form of government consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties. The School District possesses its own budgeting and taxing authority. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was established in 1970 through the cooperation of all school districts involved. The School District serves an area of approximately 1,090 square miles. It is located in Ross County, and includes the school districts within Ross and Pickaway Counties. It is staffed by 40 non-certificated employees, 153 certificated full-time teaching personnel and 11 administrative employees who provide services to 1,060 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity:

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

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

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

- ▶ Ross County Educational Service Center
- ▶ Cities of Chillicothe and Circleville
- ▶ Participating Local/City School Districts

The School District is associated with four organizations, two of which are defined as jointly governed organizations, and two as insurance purchasing pools. These organizations are the South Central Ohio Computer Association, Great Seal Education Network of Tomorrow, Ross County School Employees Insurance Consortium and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pickaway-Ross County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its 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 on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

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

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

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds 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 used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting (continued)

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

Capital Projects Fund - The capital 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 or trust 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:

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are 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 or trust 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 or trust funds.

B. Measurement Focus and Basis of Accounting

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

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

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

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 fiscal year end.

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise 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 type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

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

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. Also, advances-in and advances-out do not equal on a budgetary basis by \$21,200 due to an advance from the General fund to the Student Activities Agency fund.

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Ross County Budget Commission for rate determination.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. Prior to year-end, the School District requested 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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. Prior to year-end, the School District passed a supplemental appropriation that reflected actual expenditures for the fiscal year.

Encumbrances:

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

Lapsing of Appropriations:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

To improve cash management, all 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 fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to certificates of deposit and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Investment earnings are allocated as authorized by the School District's investment policy. Under this policy, all investment earnings are assigned to the general fund except interest earned in the Self-Insurance Internal Service Fund. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$208,048, which includes \$61,341 assigned from other School District funds. The internal service fund also received interest revenue of \$544.

For purposes of the 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.

E. Restricted Assets

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

F. Inventory

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

G. Prepaid Items

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life as follows:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings	30 - 40 years
Improvements other than buildings	10 - 20 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 years

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Title VI	Work Keys
Human Services	School to Work
Job Training Partnership Act	Career Education
Public School Preschool	Economic Education Grant
Professional Development Block Grant	David Meade Massie
Carl D. Perkins Grant	Continuous Improvement Plan
Adult Basic Literacy Education	Adult Full Service Center
Education Management Information Systems	

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Intergovernmental Revenues (continued)

Reimbursable Grants

Special Revenue Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 67.54 percent of governmental fund revenue during the 1999 fiscal year.

J. 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" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

K. 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

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 judgements, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid with current available financial resources. Capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Balance Reserves

The School District reserves those for 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 established for encumbrances, inventories of supplies and materials, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations 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 principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR YEAR RESTATEMENT

For 1998, intergovernmental receivables were overstated in the Special Revenue Funds. Also, the lease of a copier was omitted from the General Long-Term Obligations Account Group. These reclassifications resulted in the following restatement of beginning Fund Equity/Account Group balances:

	<u>Amount at 6/30/98</u>	<u>Restated Amount</u>
Special Revenue Funds	\$748,378	\$725,313
General Long-Term Debt Account Group	1,992,580	1,993,886

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" provides accounting for deferred compensation plans. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

NOTE 4 - ACCOUNTABILITY

At June 30, 1999, the Food Service, Human Services and Great Seal Special Revenue Funds, the R. J. Pack Student Assistant Expendable Trust Fund, and the Self-Insurance Internal Service Fund had deficit fund balances/retained earnings of \$41,934, \$16,434, \$2,552, \$11,062, and \$210,578, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Internal Service Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The School District does not budget for all of the activities of the fiscal agent who collects and holds assets used for the payment of medical claims. However, the activities of the fiscal agent are included in the internal service fund for GAAP reporting purposes.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$721,129	(\$205,360)	(\$349)	(\$9,336)
Revenue Accruals	(88,163)	212,145	0	0
Expenditure Accruals	(161,498)	(68,867)	(94)	33
Advances	225,623	(256,123)	0	9,300
Encumbrances	(228,129)	(220,094)	0	0
Budget Basis	<u>\$468,962</u>	<u>(\$538,299)</u>	<u>(\$443)</u>	<u>(\$3)</u>

There were no differences between the budget basis and the GAAP basis in the Debt Service Fund.

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

	Net Loss/Excess of Revenues Under Expenses and Advances Internal Service Fund
GAAP Basis	(\$175,101)
Revenue Accruals	711
Expense Accruals	316,825
Excess of Revenues Over Expenses for Non- budgeted Funds	(162,406)
Encumbrances	(2,256)
Advances	21,200
Budget Basis	(\$1,027)

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

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

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

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

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$750 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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"*.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,559,773 and the bank balance was \$1,906,684. Of the bank balance, \$176,157 was covered by federal depository insurance and \$1,730,527 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Fair Value
STAR Ohio	<u>\$1,841,037</u>

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 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."* A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per *GASB Statement No. 3* is as follows:

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$3,401,560	\$0
Cash on Hand	(750)	0
Investment:		
STAR Ohio	(1,841,037)	1,841,037
<i>GASB Statement No. 3</i>	\$1,559,773	\$1,841,037

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

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 1999 real property taxes are collected in and intended to finance fiscal year 2000. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property 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 value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

NOTE 7 - PROPERTY TAXES (continued)

The assessed values upon which 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	\$916,221,060	68.64%	\$1,028,619,400	71.17%
Public Utility	142,574,850	10.68%	142,920,630	9.89%
Tangible Personal Property	276,046,024	20.68%	273,733,959	18.94%
Total Assessed Value	<u>\$1,334,841,934</u>	<u>100.00%</u>	<u>\$1,445,273,989</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

NOTE 8 - RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

Fund Type/Fund Name	Amounts
<i>Special Revenue Fund:</i>	
Economic Education Curriculum	\$1,800
Career Development	9,077
Post Secondary Vocational Ed. Work Keys	3,000
Public School Preschools	22,532
Job Training Partnership Act	6,331
Vocational Education	<u>66,311</u>
Total Intergovernmental Receivables	<u>\$109,051</u>

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

NOTE 9 - FIXED ASSETS

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

<u>Asset Category</u>	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land and Improvements	\$191,116	\$0	\$0	\$191,116
Buildings and Improvements	5,311,523	0	0	5,311,523
Furniture, Fixtures and Equipment	2,824,746	319,469	101,646	3,042,569
Vehicles	<u>114,449</u>	<u>0</u>	<u>0</u>	<u>114,449</u>
Totals	<u>\$8,441,834</u>	<u>\$319,469</u>	<u>\$101,646</u>	8,659,657
Accumulated Depreciation				<u>(5,919,850)</u>
Total General Fixed Assets				<u>\$2,739,807</u>

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 Nationwide Insurance for fleet insurance and liability insurance, and with Cincinnati Insurance Company for property insurance and boiler and machinery coverage.

Coverages provided by these companies are as follows:

Building and Contents (\$5,000 deductible)	\$16,811,985
Boiler and Machinery (\$5,000 deductible)	20,000,000
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$100 deductible)	1,000,000
Employee Benefits Liability (Aggregate)	500,000
General Liability (\$100 deductible)	
Per occurrence	2,000,000
Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

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

NOTE 10 - RISK MANAGEMENT (continued)

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of fourteen school districts within Ross and Pickaway Counties, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$90,791 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the fiscal year are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$157,388	\$814,221	\$888,901	\$82,708
1999	\$82,708	\$1,067,060	\$1,058,977	\$90,791

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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 obligation 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 statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$95,294, \$123,244, and \$94,276, respectively; 91 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$8,643 representing the unpaid contribution for fiscal year 1999, 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 Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. 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 recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$445,260, \$866,398, and \$896,374, respectively; 78 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$95,864 representing the unpaid contribution for fiscal year 1999, 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, four members of the Board of Education 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-certified 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.

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

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

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 Ohio law, the cost of coverage paid from STRS funds shall be 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 \$593,680 during the 1999 fiscal year.

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 fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible 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 has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$90,269.

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 the annual health care expenses. Expenses for health care the 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 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all personnel. Upon retirement, payment is made for one-fourth of the first 120 days of accrued, but unused sick leave credit, plus one-tenth of days 121 through 285, to a maximum of 46 and one-half days for all employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Life Insurance Company.

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

NOTE 13 - EMPLOYEE BENEFITS (continued)

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

For fiscal year 1999, the School District implemented GASB Statement No. 32, "Deferred Compensation Plans". This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 1999, and in prior years, the School District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$576,596. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$130,127 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	GLTOAG
2000	\$93,491
2001	87,826
2002	11,688
2003	2,982
Total	195,987
Less: Amount Representing Interest	(26,206)
Present Value of Net Minimum Lease Payments	\$169,781

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

NOTE 15 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
1994 Energy Conservation Loan - 5.75%	\$1,030,000	\$0	\$120,000	\$910,000
Capital Leases	160,904	139,004	130,127	169,781
Pension Obligation	13,229	12,301	13,229	12,301
Compensated Absences	789,753	29,593	0	819,346
Total General Long-Term Obligations	\$1,993,886	\$180,898	\$263,356	\$1,911,428

Energy Conservation Loan - On May 15, 1994, Pickaway-Ross County Joint Vocational School District issued \$1,360,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2005. The loan will be retired from the debt service fund.

Capital leases will be paid from the General Fund and the Adult Education Special Revenue Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$130,074,659 with an energy conservation debt margin of \$4,152,092 and an unvoted debt margin of \$1,445,274 at June 30, 1999.

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

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$130,000	\$52,325	\$182,325
2001	140,000	44,850	184,850
2002	145,000	36,800	181,800
2003	155,000	28,463	183,463
2004	165,000	19,550	184,550
2005	175,000	10,062	185,062
Totals	\$910,000	\$192,050	\$1,102,050

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

NOTE 16 - INTERFUND ACTIVITY

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

Fund Type/Fund	Interfund	
	Receivables	Payables
General Fund	\$273,918	\$0
Special Revenue Funds:		
Food Service	0	48,000
Great Seal Network	0	2,552
Economic Education	0	1,800
Career Development	0	9,077
Post Secondary Vocational Ed.	0	3,000
Jobs Training Partnership Act	0	27,594
Vocational Education	0	66,311
Human Services	0	21,309
Total Special Revenue Funds	0	179,643
Internal Service Fund:		
Self Insurance	\$0	\$83,175
Expendable Trust Fund:		
R. J. Pack Student Assistance	0	11,100
Total All Funds	<u>\$273,918</u>	<u>\$273,918</u>

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eight participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid SCOCA \$8,820 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Great Seal Education Network of Tomorrow - The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members, each of which possess its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

NOTE 18 - INSURANCE PURCHASING POOLS

Ross County School Employees Insurance Consortium - The School District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of fourteen school districts within Ross County and its surrounding area. The Consortium provides medical/surgical, dental, vision, or life insurance through a third party administrator, Professional Risk Management Co., depending on which coverages the individual member district chooses. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Union Scioto Local School District, Eleanor Carshner who serves as Treasurer, at 1432 Egypt Pike, Chillicothe, Ohio 45601.

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

NOTE 19 - SET-ASIDE CALCULATIONS

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

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

NOTE 19 - SET-ASIDE CALCULATIONS (continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$74,931	
Current Year Set-aside Requirement	220,329	220,329	110,164	
Qualifying Disbursements	(393,220)	(361,091)	0	
Total	<u>(172,891)</u>	<u>(140,762)</u>	<u>185,095</u>	
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$185,095</u>	<u>185,095</u>
Total Restricted Assets				<u>\$185,095</u>

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

NOTE 20 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature 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 the School District. During the fiscal year ended June 30, 1999, the School District received \$6,134,791 of school foundation support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this 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 21 - 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 to conducting School District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

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

NOTE 21 - YEAR 2000 ISSUE (continued)

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

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.

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 School District's 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 22 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District has no pending litigation as of the date of this report.

Pickaway-Ross Joint Vocational School District
Ross 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	In-Kind Receipts	Disbursements	In-Kind Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$0	\$5,410	\$0	\$5,015
National School Lunch Program	051433 04-PU	10.555	25,233	0	25,233	0
Total United States Department of Agriculture - Nutrition Cluster			25,233	5,410	25,233	5,015
United States Department of Veterans Affairs						
<i>Direct from the Federal Agency</i>						
Veterans Education Assistance	NA	64.124	3,803	0	3,803	0
Total United States Department of Veterans Affairs			3,803	0	3,803	0
United States Department of Education						
<i>Direct from the Federal Agency</i>						
Student Financial Aid Cluster						
Guaranteed Student Loans	NA	84.032	0	99,565	0	99,565
Pell Grants	NA	84.063	98,365	0	98,365	0
<i>Total Student Financial Aid Cluster</i>			98,365	99,565	98,365	99,565
<i>Passed through Columbus State Community College</i>						
VOCED Basic Grant	NA	84.048	12,800	0	12,800	0
<i>Passed through Ohio Department of Education</i>						
VOCED Basic Grant	051433 20-C2	84.048	450,446	0	477,474	0
<i>Total VODED Basic Grant</i>			463,246	0	490,274	0
<i>Passed through the State Bureau of Vocational Rehab</i>						
Special Education-Persons with Disabilities	NA	84.078	25,087	0	25,087	0
<i>Passed through Ohio Department of Education</i>						
Adult and Community Education	051433 AB-S1	84.002	81,573	0	87,168	0
Inovative Education Program Strategy	051433 C2-S1	84.298	5,554	0	6,175	0
Total United States Department of Education			673,825	99,565	707,069	99,565
United States Department of Labor						
<i>Passed through Ohio Department of Education</i>						
School to Work	051433 WK-BE	17.249	141,000	0	175,118	0
<i>Passed through Ohio School to Work Region 1</i>						
School to Work	NA	17.249	50,000	0	40,000	0
<i>Passed through Ohio School to Work Region 7</i>						
School to Work	NA	17.249	10,000	0	16,665	0
Total United States Department of Labor			201,000	0	231,783	0
United States Department of Health & Human Services						
<i>Passed through the Ohio Department of Education</i>						
Job Oppor. & Basic Skills Training	051433 JO-B2	93.561	8,782	0	30,433	0
Total Department of Health & Human Services			8,782	0	30,433	0
Total Federal Financial Assistance			\$912,843	\$104,975	\$998,321	\$104,580

NA = Not Available/Applicable

See accompanying notes to the Schedule of Federal Awards Expenditures

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - - FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

MICHAEL A. BALESTRA, CPA, INC.
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Members of the Board
Pickaway-Ross Joint Vocational School District
895 Crouse Chapel Road
Chillicothe, Ohio 45601

We have audited the financial statements of the Pickaway-Ross Joint Vocational School District, Ross County, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 31, 1999, in which we indicated the School District had changed its method of accounting for deferred compensation. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pickaway-Ross 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 and opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pickaway-Ross 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 financial reporting and its operation that we consider to be material weaknesses.

Members of the Board
Pickaway-Ross Joint Vocational School District
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS
page 2

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

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public AccountantS

October 31, 1999

MICHAEL A. BALESTRA, CPA, INC.
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Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133

Members of the Board
Pickaway-Ross Joint Vocational School District
895 Crouse Chapel Road
Chillicothe, Ohio 45601

Compliance

We have audited the compliance of the Pickaway-Ross Joint Vocational School District, Ross County, 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 program for the year ended June 30, 1999. Pickaway-Ross Joint Vocational School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pickaway-Ross Joint Vocational School District's management. Our responsibility is to express an opinion on Pickaway-Ross 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pickaway-Ross 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 on Pickaway-Ross Joint Vocational School District's compliance with those requirements.

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

Internal Control Over Compliance

The management of Pickaway-Ross Joint Vocational School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pickaway-Ross 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.

Members of the Board
Pickaway-Ross Joint Vocational School District
Report on compliance with requirements applicable
to each major program and internal control over
compliance in accordance with OMB circular A-133
Page 2

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 of the audit committee, management, and members of the Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public Accountants

October 31, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

PICKAWAY-ROSS JOINT VOCATIONAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 1999

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

PICKAWAY-ROSS JOINT VOCATIONAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 1999

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PICKAWAY-ROSS JOINT VOCATIONAL SCHOOL DISTRICT

ROSS COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 18 2000