

**APOLLO JOINT VOCATIONAL  
SCHOOL DISTRICT**

**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 1999**

**Rea & Associates, Inc.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**APOLLO JOINT VOCATIONAL  
SCHOOL DISTRICT**

**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 1999**

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT**

**JUNE 30, 1999**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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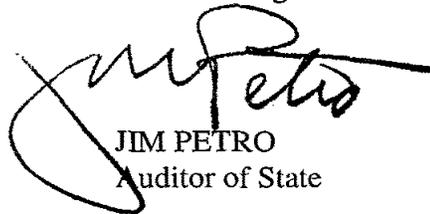
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To the Board of Education  
Apollo Joint Vocational School District  
3325 Shawnee Road  
Lima, Ohio 45806

We have reviewed the Independent Auditor's Report of the Apollo Joint Vocational School District, Allen County, prepared by Rea & Associates, 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 Apollo Joint Vocational School District is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

January 5, 2000

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**Rea & Associates, Inc.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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December 9, 1999

To the Board of Education  
Apollo Joint Vocational School District  
3325 Shawnee Road  
Lima, Ohio 45806

### **Independent Auditor's Report**

We have audited the accompanying general purpose financial statements of Apollo Joint Vocational School District, Allen County, Ohio, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Apollo Joint Vocational School District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 9, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, Non-GAAP Budgetary Basis is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non profit Organizations*, and is not a required part of the general purpose financial statements of Apollo Joint Vocation School District. 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.

*Rea & Associates, Inc.*

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Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,114,823	\$425,851	\$50,183	\$521,339
Receivables:				
Taxes	2,570,180	0	0	843,508
Accounts	0	16,644	0	0
Intergovernmental	5,136	117,208	0	0
Interfund Receivable	295,500	0	0	0
Prepaid Items	43,174	5,525	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	69,128	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$4,097,941</b>	<b>\$565,228</b>	<b>\$50,183</b>	<b>\$1,364,847</b>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$37,781	\$15,796	\$0	\$216,014
Accrued Wages and Benefits	520,525	137,773	0	0
Compensated Absences Payable	10,922	1,564	0	0
Interfund Payable	0	144,500	0	98,000
Intergovernmental Payable	154,192	23,484	0	0
Deferred Revenue	2,409,295	0	0	801,585
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,132,715</b>	<b>323,117</b>	<b>0</b>	<b>1,115,599</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Reserved:				
Retained Earnings (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	142,752	42,839	0	268,990
Reserved for Contribution	0	0	0	0
Reserved for Prepaid Items	43,174	5,525	0	0
Reserved for Property Taxes	160,885	0	0	41,923
Reserved for Budget Stabilization	69,128	0	0	0
Unreserved (Deficit)	549,287	193,747	50,183	(61,665)
<b>Total Fund Equity and Other Credits</b>	<b>965,226</b>	<b>242,111</b>	<b>50,183</b>	<b>249,248</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,097,941</b>	<b>\$565,228</b>	<b>\$50,183</b>	<b>\$1,364,847</b>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$58,371	\$114,053	\$0	\$0	\$2,284,620
0	0	0	0	3,413,688
0	0	0	0	16,644
285	0	0	0	122,629
0	0	0	0	295,500
862	0	0	0	49,561
43,818	0	0	0	43,818
0	0	0	0	69,128
43,610	0	11,758,123	0	11,801,733
0	0	0	50,183	50,183
0	0	0	249,793	249,793
<u>\$146,946</u>	<u>\$114,053</u>	<u>\$11,758,123</u>	<u>\$299,976</u>	<u>\$18,397,297</u>
\$2,782	\$937	\$0	\$0	\$273,310
8,321	0	0	0	666,619
0	0	0	228,634	241,120
50,000	3,000	0	0	295,500
2,421	0	0	10,808	190,905
0	0	0	0	3,210,880
0	431	0	0	431
0	28,689	0	0	28,689
0	0	0	10,351	10,351
0	0	0	50,183	50,183
<u>63,524</u>	<u>33,057</u>	<u>0</u>	<u>299,976</u>	<u>4,967,988</u>
0	0	11,758,123	0	11,758,123
202,024	0	0	0	202,024
(118,602)	0	0	0	(118,602)
0	3,178	0	0	457,759
0	5,000	0	0	5,000
0	0	0	0	48,699
0	0	0	0	202,808
0	0	0	0	69,128
0	72,818	0	0	804,370
<u>83,422</u>	<u>80,996</u>	<u>11,758,123</u>	<u>0</u>	<u>13,429,309</u>
<u>\$146,946</u>	<u>\$114,053</u>	<u>\$11,758,123</u>	<u>\$299,976</u>	<u>\$18,397,297</u>

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$2,488,760	\$0	\$0	\$687,429
Intergovernmental	2,320,341	1,201,495	0	126,164
Interest	46,553	14,818	0	0
Tuition and Fees	37,566	848,621	0	0
Gifts and Donations	0	0	0	0
Customer Services	49,279	0	0	0
Miscellaneous	50,884	43,809	0	4,394
<b>Total Revenues</b>	<b>4,993,383</b>	<b>2,108,743</b>	<b>0</b>	<b>817,987</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	301,831	0	0	0
Special	94,942	0	0	0
Vocational	2,470,139	1,275,588	0	288,998
Adult/Continuing	0	67,178	0	0
<b>Support Services:</b>				
Pupils	407,114	55,371	0	0
Instructional Staff	251,232	431,433	0	6,127
Board of Education	28,210	0	0	0
Administration	629,281	17,183	0	14,488
Fiscal	250,103	0	0	13,476
Operation and Maintenance of Plant	551,976	15,152	0	23,225
Pupil Transportation	5,871	0	0	12,000
Central	50,391	71,158	0	431,417
<b>Operation of Non-Instructional Services</b>				
Services	5,564	277,423	0	0
Extracurricular Activities	9,294	0	0	0
Capital Outlay	3,618	0	0	73,438
<b>Debt Service:</b>				
Principal Retirement	0	0	24,734	2,935
Interest and Fiscal Charges	0	0	0	957
<b>Total Expenditures</b>	<b>5,059,566</b>	<b>2,210,486</b>	<b>24,734</b>	<b>867,061</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(66,183)</b>	<b>(101,743)</b>	<b>(24,734)</b>	<b>(49,074)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	162,085	0	0	0
Operating Transfers In	0	69,651	0	0
Operating Transfers Out	(73,665)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>88,420</b>	<b>69,651</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>22,237</b>	<b>(32,092)</b>	<b>(24,734)</b>	<b>(49,074)</b>
<b>Fund Balances at Beginning of Year</b>	<b>942,989</b>	<b>274,203</b>	<b>74,917</b>	<b>298,322</b>
<b>Fund Balances at End of Year</b>	<b>\$965,226</b>	<b>\$242,111</b>	<b>\$50,183</b>	<b>\$249,248</b>

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type	Totals (Memorandum Only)
\$0	\$3,176,189
0	3,648,000
3,398	64,769
0	886,187
13,502	13,502
0	49,279
2,683	101,770
<u>19,583</u>	<u>7,939,696</u>
0	301,831
0	94,942
0	4,034,725
0	67,178
0	462,485
0	688,792
0	28,210
0	660,952
0	263,579
0	590,353
0	17,871
0	552,966
14,276	297,263
0	9,294
0	77,056
0	27,669
0	957
<u>14,276</u>	<u>8,176,123</u>
<u>5,307</u>	<u>(236,427)</u>
0	162,085
0	69,651
0	(73,665)
<u>0</u>	<u>158,071</u>
5,307	(78,356)
<u>66,629</u>	<u>1,657,060</u>
<u>\$71,936</u>	<u>\$1,578,704</u>

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$2,472,328	\$2,509,937	\$37,609	\$0	\$0	\$0
Intergovernmental	2,336,021	2,320,341	(15,680)	1,509,529	1,243,881	(265,648)
Interest	63,900	46,553	(17,347)	11,500	14,818	3,318
Tuition and Fees	38,000	37,891	(109)	941,000	854,576	(86,424)
Gifts and Donations	0	0	0	69,500	0	(69,500)
Customer Services	59,800	49,279	(10,521)	0	0	0
Miscellaneous	67,323	50,094	(17,229)	52,700	35,081	(17,619)
<b>Total Revenues</b>	<b>5,037,372</b>	<b>5,014,095</b>	<b>(23,277)</b>	<b>2,584,229</b>	<b>2,148,356</b>	<b>(435,873)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	300,150	299,355	795	0	0	0
Special	103,313	102,938	375	0	0	0
Vocational	2,711,505	2,540,437	171,068	1,770,692	1,346,506	424,186
Adult/Continuing	0	0	0	65,653	64,969	684
<b>Support Services:</b>						
Pupils	429,340	404,304	25,036	115,815	61,585	54,230
Instructional Staff	258,654	254,999	3,655	545,370	477,537	67,833
Board of Education	37,860	28,810	9,050	100	0	100
Administration	653,975	645,072	8,903	17,200	17,122	78
Fiscal	268,850	257,399	11,451	0	0	0
Business	3,000	0	3,000	0	0	0
Operation and Maintenance of Plant	640,134	590,455	49,679	16,300	14,846	1,454
Pupil Transportation	19,217	7,306	11,911	0	0	0
Central	88,000	63,105	24,895	71,158	71,158	0
<b>Operation of Non-Instructional Services</b>						
Services	15,179	8,564	6,615	276,375	266,495	9,880
Extracurricular Activities	9,600	9,515	85	0	0	0
Capital Outlay	5,000	3,618	1,382	0	0	0
Debt Service Payments	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>5,543,777</b>	<b>5,215,877</b>	<b>327,900</b>	<b>2,878,663</b>	<b>2,320,218</b>	<b>558,445</b>
Excess of Revenues Over (Under) Expenditures	(506,405)	(201,782)	304,623	(294,434)	(171,862)	122,572
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	148,100	162,085	13,985	0	0	0
Refund of Prior Year Expenditures	0	2,698	2,698	2,000	8,395	6,395
Refund of Prior Year Receipts	(100)	0	100	(12,351)	(10,464)	1,887
Contingency	(935,193)	0	935,193	0	0	0
Advances In	0	194,000	194,000	0	144,500	144,500
Advances Out	0	(292,500)	(292,500)	0	(174,000)	(174,000)
Operating Transfers In	0	0	0	72,280	69,651	(2,629)
Operating Transfers Out	(92,326)	(73,665)	18,661	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(879,519)</b>	<b>(7,382)</b>	<b>872,137</b>	<b>61,929</b>	<b>38,082</b>	<b>(23,847)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,385,924)	(209,164)	1,176,760	(232,505)	(133,780)	98,725
Fund Balances at Beginning of Year	1,046,706	1,046,706	0	334,076	334,076	0
Unexpended Prior Year Encumbrances	160,241	160,241	0	167,865	167,865	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$178,977)</b>	<b>\$997,783</b>	<b>\$1,176,760</b>	<b>\$269,436</b>	<b>\$368,161</b>	<b>\$98,725</b>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$680,668	\$698,350	\$17,682
0	0	0	128,142	126,164	(1,978)
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	200	0	(200)
<u>0</u>	<u>0</u>	<u>0</u>	<u>809,010</u>	<u>824,514</u>	<u>15,504</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	429,116	425,230	3,886
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	7,000	6,127	873
0	0	0	0	0	0
0	0	0	44,232	35,204	9,028
0	0	0	20,000	13,476	6,524
0	0	0	0	0	0
0	0	0	25,000	23,225	1,775
0	0	0	15,000	12,000	3,000
0	0	0	533,116	533,048	68
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	131,955	110,843	21,112
<u>74,917</u>	<u>74,917</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>74,917</u>	<u>74,917</u>	<u>0</u>	<u>1,205,419</u>	<u>1,159,153</u>	<u>46,266</u>
<u>(74,917)</u>	<u>(74,917)</u>	<u>0</u>	<u>(396,409)</u>	<u>(334,639)</u>	<u>61,770</u>
0	0	0	0	0	0
0	0	0	0	4,394	4,394
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	180,000	98,000	(82,000)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>180,000</u>	<u>102,394</u>	<u>(77,606)</u>
<u>(74,917)</u>	<u>(74,917)</u>	<u>0</u>	<u>(216,409)</u>	<u>(232,245)</u>	<u>(15,836)</u>
0	0	0	118,160	118,160	0
<u>74,917</u>	<u>74,917</u>	<u>0</u>	<u>150,419</u>	<u>150,419</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,170</u>	<u>\$36,334</u>	<u>(\$15,836)</u>

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

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$3,152,996	\$3,208,287	\$55,291
Intergovernmental	0	0	0	3,973,692	3,690,386	(283,306)
Interest	525	3,398	2,873	75,925	64,769	(11,156)
Tuition and Fees	0	0	0	979,000	892,467	(86,533)
Gifts and Donations	7,850	15,992	8,142	77,350	15,992	(61,358)
Customer Services	0	0	0	59,800	49,279	(10,521)
Miscellaneous	1,000	570	(430)	121,223	85,745	(35,478)
<b>Total Revenues</b>	<b>9,375</b>	<b>19,960</b>	<b>10,585</b>	<b>8,439,986</b>	<b>8,006,925</b>	<b>(433,061)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	300,150	299,355	795
Special	0	0	0	103,313	102,938	375
Vocational	0	0	0	4,911,313	4,312,173	599,140
Adult/Continuing	0	0	0	65,653	64,969	684
<b>Support Services:</b>						
Pupils	0	0	0	545,155	465,889	79,266
Instructional Staff	0	0	0	811,024	738,663	72,361
Board of Education	0	0	0	37,960	28,810	9,150
Administration	0	0	0	715,407	697,398	18,009
Fiscal	0	0	0	288,850	270,875	17,975
Business	0	0	0	3,000	0	3,000
Operation and Maintenance of Plant	0	0	0	681,434	628,526	52,908
Pupil Transportation	0	0	0	34,217	19,306	14,911
Central	0	0	0	692,274	667,311	24,963
<b>Operation of Non-Instructional Services</b>						
	33,463	18,939	14,524	325,017	293,998	31,019
Extracurricular Activities	0	0	0	9,600	9,515	85
Capital Outlay	0	0	0	136,955	114,461	22,494
Debt Service Payments	0	0	0	74,917	74,917	0
<b>Total Expenditures</b>	<b>33,463</b>	<b>18,939</b>	<b>14,524</b>	<b>9,736,239</b>	<b>8,789,104</b>	<b>947,135</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(24,088)</b>	<b>1,021</b>	<b>25,109</b>	<b>(1,296,253)</b>	<b>(782,179)</b>	<b>514,074</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	148,100	162,085	13,985
Refund of Prior Year Expenditures	0	2,113	2,113	2,000	17,600	15,600
Refund of Prior Year Receipts	0	0	0	(12,451)	(10,464)	1,987
Contingency	0	0	0	(935,193)	0	935,193
Advances In	0	0	0	180,000	436,500	256,500
Advances Out	0	0	0	0	(466,500)	(466,500)
Operating Transfers In	1,000	0	(1,000)	73,280	69,651	(3,629)
Operating Transfers Out	0	0	0	(92,326)	(73,665)	18,661
<b>Total Other Financing Sources (Uses)</b>	<b>1,000</b>	<b>2,113</b>	<b>1,113</b>	<b>(636,590)</b>	<b>135,207</b>	<b>771,797</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(23,088)</b>	<b>3,134</b>	<b>26,222</b>	<b>(1,932,843)</b>	<b>(646,972)</b>	<b>1,285,871</b>
<b>Fund Balances at Beginning of Year</b>	<b>64,662</b>	<b>64,662</b>	<b>0</b>	<b>1,563,604</b>	<b>1,563,604</b>	<b>0</b>
<b>Unexpended Prior Year Encumbrances</b>	<b>962</b>	<b>962</b>	<b>0</b>	<b>554,404</b>	<b>554,404</b>	<b>0</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$42,536</b>	<b>\$68,758</b>	<b>\$26,222</b>	<b>\$185,165</b>	<b>\$1,471,036</b>	<b>\$1,285,871</b>

See accompanying notes to the general purpose financial statements

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$178,976	\$0	\$178,976
Interest	0	450	450
Total Operating Revenues	<u>178,976</u>	<u>450</u>	<u>179,426</u>
<u>Operating Expenses:</u>			
Salaries	48,044	0	48,044
Fringe Benefits	18,759	0	18,759
Cost of Sales	121,047	0	121,047
Depreciation	3,740	0	3,740
Other Operating Expenses	0	300	300
Total Operating Expenses	<u>191,590</u>	<u>300</u>	<u>191,890</u>
Operating Income (Loss)	<u>(12,614)</u>	<u>150</u>	<u>(12,464)</u>
<u>Non-Operating Revenues:</u>			
Operating Grants	3,800	0	3,800
Interest	1,136	0	1,136
Total Non-Operating Revenues	<u>4,936</u>	<u>0</u>	<u>4,936</u>
Income (Loss) Before Operating Transfers	(7,678)	150	(7,528)
Operating Transfers In	<u>4,014</u>	<u>0</u>	<u>4,014</u>
Net Income	(3,664)	150	(3,514)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	<u>(114,938)</u>	<u>8,910</u>	<u>(106,028)</u>
Retained Earnings/Fund Balance (Deficit) at End of Year	<u>(118,602)</u>	<u>9,060</u>	<u>(109,542)</u>
Contributed Capital at Beginning of Year	191,220	0	191,220
Contributions from Other Funds	10,804	0	10,804
Contributed Capital at End of Year	<u>202,024</u>	<u>0</u>	<u>202,024</u>
Total Fund Equity at End of Year	<u>\$83,422</u>	<u>\$9,060</u>	<u>\$92,482</u>

See accompanying notes to the general purpose financial statements

Apollo Joint Vocational School District  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Sales	\$248,300	\$179,447	(\$68,853)
Interest	2,000	1,136	(864)
Operating Grants	4,200	3,515	(685)
<b>Total Revenues</b>	<b>254,500</b>	<b>184,098</b>	<b>(70,402)</b>
<b>Expenses:</b>			
Salaries	49,600	49,550	50
Fringe Benefits	27,000	18,536	8,464
Materials and Supplies	224,083	194,353	29,730
Refund of Prior Year Revenues	200	0	200
Other	1,000	0	1,000
<b>Total Expenses</b>	<b>301,883</b>	<b>262,439</b>	<b>39,444</b>
Excess of Revenues Over (Under) Expenses	(47,383)	(78,341)	(30,958)
Advances In	0	50,000	50,000
Advances Out	0	(20,000)	(20,000)
Operating Transfers In	6,000	4,014	(1,986)
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	(41,383)	(44,327)	(2,944)
Fund Equity at Beginning of Year	24,451	24,451	0
Prior Year Encumbrances Appropriated	38,083	38,083	0
<b>Fund Equity at End of Year</b>	<b>\$21,151</b>	<b>\$18,207</b>	<b>(\$2,944)</b>

See accompanying notes to the general purpose financial statements

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$248,300	\$179,447	(\$68,853)
400	450	50	2,400	1,586	(814)
0	0	0	4,200	3,515	(685)
400	450	50	254,900	184,548	(70,352)
0	0	0	49,600	49,550	50
0	0	0	27,000	18,536	8,464
0	0	0	224,083	194,353	29,730
0	0	0	200	0	200
600	0	600	1,600	0	1,600
600	0	600	302,483	262,439	40,044
(200)	450	650	(47,583)	(77,891)	(30,308)
0	0	0	0	50,000	50,000
0	0	0	0	(20,000)	(20,000)
0	0	0	6,000	4,014	(1,986)
(200)	450	650	(41,583)	(43,877)	(2,294)
8,910	8,910	0	33,361	33,361	0
0	0	0	38,083	38,083	0
<u>\$8,710</u>	<u>\$9,360</u>	<u>\$650</u>	<u>\$29,861</u>	<u>\$27,567</u>	<u>(\$2,294)</u>

Apollo Joint Vocational School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$179,447	\$0	\$179,447
Cash Payments to Suppliers for Goods and Services	(140,476)	0	(140,476)
Cash Payments to Employees for Services	(49,550)	0	(49,550)
Cash Payments for Employee Benefits	(18,536)	0	(18,536)
Cash Payments for Other Expenses	0	0	0
Net Cash Used for Operating Activities	<u>(29,115)</u>	<u>0</u>	<u>(29,115)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	3,515	0	3,515
Advances Received from Other Funds	50,000	0	50,000
Operating Transfers In	4,014	0	4,014
Advances Repaid to Other Funds	(20,000)	0	(20,000)
Net Cash Provided by Noncapital Financing Activities	<u>37,529</u>	<u>0</u>	<u>37,529</u>
<b><u>Cash Flows from Capital Financing Activities:</u></b>			
Acquisition of Fixed Assets	(13,713)	0	(13,713)
Net Cash Used for Capital Financing Activities	<u>(13,713)</u>	<u>0</u>	<u>(13,713)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest on Investments	1,136	450	1,586
Net Cash Provided by Investing Activities	<u>1,136</u>	<u>450</u>	<u>1,586</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,163)	450	(3,713)
Cash and Cash Equivalents at Beginning of Year	<u>62,534</u>	<u>8,910</u>	<u>71,444</u>
Cash and Cash Equivalents at End of Year	<u>\$58,371</u>	<u>\$9,360</u>	<u>\$67,731</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Operating Income (Loss)	<u>(\$12,614)</u>	<u>\$150</u>	<u>(\$12,464)</u>
<b>Adjustments to Reconcile Operating Income (Loss) to Net</b>			
<b><u>Cash Used for Operating Activities:</u></b>			
Depreciation	3,740	0	3,740
Interest Revenue	0	(450)	(450)
<b>Changes in Assets and Liabilities:</b>			
Decrease in Accounts Receivable	471	0	471
Decrease in Prepaid Items	288	0	288
Increase in Inventory Held for Resale	(8,301)	0	(8,301)
Increase (Decrease) in Accounts Payable	(11,128)	300	(10,828)
Decrease in Accrued Wages and Benefits	(2,069)	0	(2,069)
Increase in Intergovernmental Payable	498	0	498
Total Adjustments	<u>(16,501)</u>	<u>(150)</u>	<u>(16,651)</u>
Net Cash Used for Operating Activities	<u>(\$29,115)</u>	<u>\$0</u>	<u>(\$29,115)</u>
<b><u>Reconciliation of Trust and Agency Funds:</u></b>			
Cash and Cash Equivalents - All Fiduciary Funds		\$114,053	
Cash and Cash Equivalents - Agency Funds		(32,120)	
Cash and Cash Equivalents - Expendable Trust Funds		<u>(72,573)</u>	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$9,360</u>	

**Non-Cash Capital Transactions:**

For fiscal year 1999, assets were transferred from the general fixed assets account group and contributed to the lunchroom enterprise fund with a fair value of \$10,804.

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

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

Apollo Career Center (the School District) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which 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 on February 12, 1973. The School District serves Allen and five other surrounding counties. It is staffed by 30 non-certified employees and 71 certified full-time teaching personnel who provide services to 504 students and approximately 5,000 full and part time post secondary students and other community members. The School District currently operates one instructional and administrative building.

*Reporting Entity:*

A reporting entity is comprised of the stand-alone government, component units, and other organizations that are included to insure that the financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Apollo Career Center, 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 School District is associated with one jointly governed organization and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Allen Health Benefit Plan, and the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

The financial statements of the Apollo Career Center 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.

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

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**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.

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

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

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

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as enterprise 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 enterprise 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 enterprise 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.

All enterprise funds and nonexpendable trust 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. Enterprise and nonexpendable trust 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.

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

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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: interest, tuition, 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 enterprise funds and the nonexpendable trust fund. 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 fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

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*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 Allen County Budget Commission for rate determination.

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

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

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

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*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 the enterprise funds.

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

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

During fiscal year 1999, investments were limited to non-negotiable certificates of deposit, STAROhio and open-end mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-negotiable certificates of deposit are reported at cost.

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

Following State statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credit to the General Fund during fiscal year 1999 amount to \$46,553, which includes \$35,769 assigned from other School District funds.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturates of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

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**E. Inventory**

Inventories of enterprise funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the purchase method. Reported prepaid items are 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. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents which use is limited by legal requirements. Restricted assets include unexpended revenues required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 14 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**H. Fixed Assets and Depreciation**

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

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

**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 fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

*Entitlements*

*General Fund*

- State Property Tax Relief
- Special Education Program
- Academic Funding Program

*Special Revenue Funds*

- Adult Unit and Short Term Class Reimbursement

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Adult Basic Education
- Vocational Education
- Title VI
- Pell Grant
- Economic Education Grant
- Career Education Grant
- Miscellaneous State Grants
- Transitions Grant
- Venture Capital Grant
- Professional Development Block Grant

*Reimbursable Grants*

*Special Revenue Funds*

- Vocational Education Equipment Reimbursement Grant
- Ohio Industrial Training Program Grant

*Proprietary Funds*

- National School Free Milk Program

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

**J. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

Apollo Joint Vocational School District  
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For the Fiscal Year Ended June 30, 1999

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**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 termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

**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, 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 two months after fiscal year end are considered not to have used 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.

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

**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.

**N. Fund Balance Reserves**

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

Apollo Joint Vocational School District  
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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. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1991, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to funds have been classified as retained earnings.

**P. Use of Estimates**

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

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - 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 Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type and Similar Trust 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).

Apollo Joint Vocational School District  
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2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$22,237	(\$32,092)	(\$24,734)	(\$49,074)	\$5,307
Revenue Accruals	20,411	48,008	0	10,921	3,490
Expenditure Accruals	38,107	(62,914)	0	192,913	(848)
Prepaid Items	(5,251)	408	0	0	0
Advances In	194,000	144,500	0	98,000	0
Advances Out	(292,500)	(174,000)	0	0	0
Encumbrances	(186,168)	(57,690)	(50,183)	(485,005)	(4,815)
Budget Basis	(\$209,164)	(\$133,780)	(\$74,917)	(\$232,245)	\$3,134

Net Income (Loss)/Excess of Revenues Over (Under) Expenses, Transfers and Advances  
Proprietary Fund Type and Similar Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$3,664)	\$150
Revenue Accrual	186	0
Expense Accrual	(12,699)	300
Prepaid Items	288	0
Advances In	50,000	0
Advances Out	(20,000)	0
Acquisition of Fixed Assets	(13,713)	0
Depreciation	3,740	0
Inventory Held for Resale	(8,301)	0
Encumbrances	(40,164)	0
Budget Basis	(\$44,327)	\$450

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

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**NOTE 4 - DEPOSITS AND INVESTMENTS**

The Treasurer is responsible for selecting depositories and investing funds. 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 or deposit accounts including passbook accounts.

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 services shall be direct issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division 1. or 2. of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,743,715 and the bank balance was \$1,929,531. Of the bank balance, \$300,000 was covered by federal depository insurance and \$1,629,531 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 could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. During fiscal year 1999, the School District invested in certificates of deposit, no-load mutual funds and STAR Ohio. The School District's investments in mutual funds and STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Fair Value 6/30/99
No-Load Mutual Fund	\$284,953
STAR Ohio	325,080
Total	\$610,033

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,353,748	\$0
Investments:		
Mutual Funds	(284,953)	284,953
STAR Ohio	(325,080)	325,080
GASB Statement 3	\$1,743,715	\$610,033

**NOTE 5 - PROPERTY TAXES**

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

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

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

The School District receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$160,885 in the General Fund and \$41,923 in the Permanent Improvement Capital Projects Fund.

Apollo Joint Vocational School District  
Notes to the General Purpose Financial Statements  
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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	\$1,113,778,770	69.76%	\$1,142,124,100	70.39%
Public Utility	117,649,090	7.37%	116,209,300	7.16%
Tangible Personal Property	364,037,459	22.87%	365,307,577	22.45%
<b>Total Assessed Value</b>	<b>\$1,596,465,319</b>	<b>100.00%</b>	<b>\$1,622,640,977</b>	<b>100.00%</b>
Tax rate per \$1,000 of Assessed valuation	\$1.70		\$1.70	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), 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:

	Amounts
General Fund	
GRADS Expense	\$5,136
Special Revenue Funds	
Economic Education	8,704
Miscellaneous State Grants	68,609
Transition	10,137
Vocational Education	29,758
<b>Total Special Revenue Funds</b>	<b>117,208</b>
Enterprise Fund	
Cafeteria	
State Reimbursement	285
<b>Total Intergovernmental Receivable</b>	<b>\$122,629</b>

Apollo Joint Vocational School District  
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**NOTE 7 - FIXED ASSETS**

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

Furniture and Equipment	\$182,678
Less Accumulated Depreciation	(139,068)
Net Fixed Assets	\$43,610

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

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$306,420	\$120,239	\$120,239	\$306,420
Buildings and Improvements	7,182,895	72,456	0	7,255,351
Furniture, Fixtures and Equipment	3,538,329	740,285	265,541	4,013,073
Vehicles	149,304	32,000	0	181,304
Books	1,975	0	0	1,975
Totals	\$11,178,923	\$964,980	\$385,780	\$11,758,123

**NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or 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 Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. Property is protected by Indiana Insurance and holds a \$3,000 deductible.

The School District's vans are covered by the Indiana Insurance Company and hold a \$250 deductible and a \$1,000,000 limit on any accident. The bus fleet and maintenance vehicles are insured by Indiana Insurance with a \$250 deductible and a \$1,000,000 limit per occurrence. Comprehensive insurance on all vehicles is held with Indiana Union with a \$250 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverages from the prior year.

The School District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 18). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

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Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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The School District participates in the Allen Health Benefits Plan (the Plan), a public entity risk pool consisting of ten school districts and the Allen County Educational Service Center. The School District pays monthly premiums to the Plan for employee medical, dental, and vision benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 9 - 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 defined benefit pension plan. SERS provides retirement benefits and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

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 rate School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was the portion 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 \$60,927, \$78,685, and \$74,061, respectively; 93.1 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$4,214 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 participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon 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 contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$216,450, \$366,357, and \$401,516, respectively; 83.4 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$35,874 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

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

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

**NOTE 10 - 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.

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 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 \$288,600 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the 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, 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 this 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 to fund health care benefits, including surcharge, equaled \$71,825 during the 1999 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expense for health care at June 30, 1998, was \$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.

Apollo Joint Vocational School District  
Notes to the General Purpose Financial Statements  
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**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

**B. Health Care Benefits**

The School District has elected to provide employee medical/surgical and dental benefits through the Allen County Schools Health Benefits Plan. The employees share the cost of the monthly premium with the Board. The premium varies with employees depending on the terms of the union contract.

**C. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

**NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. 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 \$23,898. 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 \$2,935 in the governmental funds.

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The following is a schedule of the future 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	\$3,892
2001	3,892
2002	3,568
Total Minimum Lease Payments	11,352
Less: Amount Representing Interest	(1,001)
Present Value of Minimum Lease Payments	\$10,351

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Energy Conservation Loan 1997 0%	\$49,049	\$0	\$17,836	\$31,213
Energy Conservation Loan 1998 0%	25,868	0	6,898	18,970
Capital Leases	13,286	0	2,935	10,351
Intergovernmental Payable	6,731	10,808	6,731	10,808
Compensated Absences	288,095	0	59,461	228,634
Total General Long-Term Obligations	\$383,029	\$10,808	\$93,861	\$299,976

Energy Conservation Loan - In February, 1997 and March, 1998, Apollo Career Center issued \$89,181 and \$34,490, respectively, in unvoted general obligation loans 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 five year period with final maturity during fiscal year 2001 and 2002, respectively. Monthly payments of \$1,486 and \$575, respectively, will be made throughout the term of the loan. The loan will be retired from the debt service fund.

Capital leases will be paid from the permanent improvement capital projects fund. Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented net because it is not practical to determine the actual increase and decrease.

The School District's overall legal debt margin was \$146,037,688 with an unvoted debt margin of \$1,622,641 at June 30, 1999.

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

**NOTE 14 - RESERVATIONS OF FUND BALANCE**

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.

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>Textbook</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Balance as of June 30, 1998	\$0	\$0	\$22,735	\$22,735
Workers' Compensation Refund Received	0	0	407	407
Revenue Required to be Set-aside	91,972	91,972	45,986	229,930
Qualifying Expenditures (Paid in Cash)	(132,417)	(649,706)	0	(782,123)
Off-set for the current year	0	(750,000)	0	(750,000)
Total	<u>(\$40,445)</u>	<u>(\$1,307,734)</u>	<u>\$69,128</u>	<u>(\$1,279,051)</u>
Cash Carried Forward to Fiscal Year 2000	<u>\$0</u>	<u>\$0</u>	<u>\$69,128</u>	<u>\$69,128</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

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

**NOTE 15 - INTERFUND ACTIVITY**

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

Fund Type/Fund	Interfund	
	Receivable	Payable
General Fund	\$295,500	\$0
Special Revenue Funds:		
Adult Education	0	64,000
Economic Education	0	7,800
Miscellaneous State Grants	0	26,700
Vocational Education	0	46,000
Total Special Revenue Funds	0	144,500
Capital Projects Fund		
Permanent Improvement	0	98,000
Enterprise Fund:		
Uniform School Supply	0	50,000
Agency Fund:		
Pell Grant	0	3,000
Total All Funds	\$295,500	\$295,500

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of the cafeteria and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Apollo Career Center as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$122,392	\$56,584	\$178,976
Depreciation Expense	3,740	0	3,740
Operating Income (Loss)	(12,631)	12	(12,614)
Operating Grants	3,800	0	3,800
Operating Transfers-In	4,014	0	4,014
Net Income (Loss)	(4,412)	748	(3,664)
Fixed Assets:			
Additions	13,712	0	13,712
Deletions	1,632	0	1,632
Contributed Capital Additions	10,804	0	10,804
Net Working Capital	1,096	38,716	39,812
Total Assets	55,488	91,498	146,946
Total Equity	44,706	38,716	83,422
Encumbrances Outstanding at June 30, 1999 (Budget Basis)	122	40,042	40,164

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

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**NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC). NOACSC is an association of public school districts within the boundaries of Allen, Mercer, Van Wert, Paulding, Hancock and Putnam 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. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

**NOTE 18 - INSURANCE PURCHASING POOLS**

The School District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by a twenty-five member Board of directors consisting of the two representatives from each county elected by a majority of vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

The School District participates in the Allen County Schools Health Benefits Plan (the Plan), a public entity shared risk pool consisting of the school districts within Allen County. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to an Board of Directors which advises the Trustee, Allen County Educational Services Center, concerning aspects of the administration of the Plan.

Each school district decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, at 204 North Main Street, Lima, Ohio 45801.

**NOTE 19- SCHOOL FUNDING**

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 \$2,073,762 of school foundation support for its general fund.

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

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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 December 22, 1999, 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 20 - YEAR 2000 COMPLIANCE**

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

The School District has completed an inventory of computer systems and other equipment necessary to conducting the School District's operations and has identified such systems as being financial reporting, payroll and employee benefits, educational statistics reporting (through the State's Education Management and Information System(EMIS)), and the climate control system which have extensive efficiency utilization measures within the system.

The Counties of Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert collect property taxes for distribution to the School District. Each county is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" 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.

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

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.

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**Rea & Associates, Inc.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 9, 1999

To the Board of Education  
Apollo Joint Vocational School District  
3325 Shawnee Road  
Lima, Ohio 45806

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

We have audited the general purpose financial statements of Apollo Joint Vocational School District, Allen County, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure 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 general purpose 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 operations that we consider to be material weaknesses.

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

*Rea & Associates, Inc.*

Columbus  
New Philadelphia  
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**Rea & Associates, Inc.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 9, 1999

Board of Education  
Apollo Joint Vocational School District  
3325 Shawnee Road  
Lima, Ohio 45806

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

Compliance

We have audited the compliance of Apollo Joint Vocational School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of State, 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

Internal Control Over Compliance

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

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

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

*Rea & Associates, Inc.*

Columbus  
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Lima

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS - NON-GAAP BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	CFDA NUMBER	GRANTOR'S NUMBER	PROGRAM AMOUNT	FEDERAL RECEIPTS	FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Direct Program					
Pell Grant	84.063	98-99	\$ 104,843	\$ 104,843	\$ 104,843
Pell Grant	84.063	97-98	86,491	2,932	2,932
<i>Total Pell Grant</i>				<u>107,775</u>	<u>107,775</u>
Passed-Through Ohio Department of Education:					
Adult Combined Education	84.002	AB-S1-99	41,139	41,139	41,139
<i>Total Adult Combined Education</i>				<u>41,139</u>	<u>41,139</u>
Vocational Education - Basic Grants	84.048	VESP-CB99-050773	52,600	21,753	20,964
	84.048	VESP-CB98-050773	44,625	6,694	0
	84.048	CPII-S99-001	180,113	151,627	176,231
	84.048	CPII-S98-001	176,914	25,241	0
	84.048	CPII-A99-001	68,904	61,597	72,467
	84.048	CPII-A98-001	76,913	11,537	0
	84.048	VEA-FSC98-02	20,000	3,000	0
<i>Total Vocational Education</i>				<u>281,449</u>	<u>269,662</u>
Innovative Education Program Strategies	84.298	C2-S1-99	2,013	1,989	1,989
	84.298	C2-S1-98	1,995	0	36
<i>Total Innovative Education Program Strategies</i>				<u>1,989</u>	<u>2,025</u>
Continuous Improvement Development Grant	17.249	050773-STW-99	5,000	5,000	4,286
School-To-Work Grant	17.249	98-B03006	52,000	46,884	34,736
<i>Total Grants</i>				<u>51,884</u>	<u>39,022</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>484,236</u>	<u>459,623</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed-Through Ohio Department of Education:					
Jobs Tuition and Assessment	93.561		14	14	14
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>14</u>	<u>14</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Passed-Through the Ohio Department of Education:					
Special Milk Program	10.556	02-PU-99	N/A	3,515	3,515
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>3,515</u>	<u>3,515</u>
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed-Through the Northwest Ohio Private Industry Council:					
Job Training Partnership Act	17.250	P7-14-01	8,395	8,395	0
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<u>8,395</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>				<u>\$ 496,160</u>	<u>\$ 463,152</u>

**APOLLO JOINT VOCATIONAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (I)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	CFDA # 84.063, 17.249
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

ALLEN 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