



**SPRINGFIELD AND CLARK COUNTY
JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

SINGLE AUDIT

JULY 1, 1998 THROUGH JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Springfield and Clark County Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505-4295

To Members of the Board:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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JIM PETRO
Auditor of State

April 14, 2000

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Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$554,423	\$225,483	\$1,497
Receivables:			
Property and Other Taxes	4,421,159	0	0
Accounts	18,988	0	0
Intergovernmental	0	150,604	0
Accrued Interest	0	0	0
Interfund	247,649	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	57,716	0	0
Prepaid Items	4,807		
Restricted Asset:			
Equity in Pooled Cash and Cash Equivalents	29,221	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0
Total Assets and Other Debits	\$5,333,963	\$376,087	\$1,497
<u>Liabilities, Fund Equity, and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$134,915	\$60,882	\$0
Accrued Wages	779,271	10,642	0
Compensated Absences Payable	31,335	0	0
Interfund Payable	0	127,933	3,602
Intergovernmental Payable	176,067	5,799	0
Deferred Revenue	3,744,046	0	0
Capital Leases Payable	0	0	0
Undistributed Monies	0	0	0
Energy Conservation Loan Payable	0	0	0
Vocational Building Loan Payable	0	0	0
Total Liabilities	4,865,634	205,256	3,602
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	124,926	74,357	0
Reserved for Inventory	57,716	0	0
Reserved for Property Taxes	678,216	0	0
Reserved for Budget Stabilization	29,221	0	0
Unreserved:			
Unreserved, Undesignated (Deficit)	(421,750)	96,474	(2,105)
Total Fund Equity and Other Credits	468,329	170,831	(2,105)
Total Liabilities, Fund Equity and Other Credits	\$5,333,963	\$376,087	\$1,497

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fudiciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$44,897	\$34,964	\$0	\$0	\$861,264
0	0	0	0	4,421,159
64,032	0	0	0	83,020
0	0	0	0	150,604
0	0	0	0	0
0	0	0	0	247,649
6,317	0	0	0	6,317
251	0	0	0	57,967
				4,807
0	0	0	0	29,221
69,290	0	8,446,914	0	8,516,204
0	0	0	1,726,742	1,726,742
<u>\$184,787</u>	<u>\$34,964</u>	<u>\$8,446,914</u>	<u>\$1,726,742</u>	<u>\$16,104,954</u>
\$13,757	\$0	\$0	\$0	\$209,554
30,408	0	0	0	820,321
36,915	0	0	496,290	564,540
116,114	0	0	0	247,649
16,964	0	0	9,633	208,463
1,884	0	0	0	3,745,930
0	0	0	64,268	64,268
0	32,643	0	0	32,643
0	0	0	520,000	520,000
0	0	0	636,551	636,551
<u>216,042</u>	<u>32,643</u>	<u>0</u>	<u>1,726,742</u>	<u>7,049,919</u>
0	0	8,446,914	0	8,446,914
13,855	0	0	0	13,855
(45,110)	0	0	0	(45,110)
0	0	0	0	199,283
0	0	0	0	57,716
0	0	0	0	678,216
0	0	0	0	29,221
0	2,321	0	0	(325,060)
<u>(31,255)</u>	<u>2,321</u>	<u>8,446,914</u>	<u>0</u>	<u>9,055,035</u>
<u>\$184,787</u>	<u>\$34,964</u>	<u>\$8,446,914</u>	<u>\$1,726,742</u>	<u>\$16,104,954</u>

Combined Statement of Revenues, Expenditures and Changes In Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	(Totals Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$4,498,787	\$0	\$0	\$0	\$0	\$4,498,787
Intergovernmental	3,062,865	1,121,791	0	0	0	4,184,656
Interest	65,120	0	0	0	0	65,120
Tuition and Fees	35,264	0	0	0	0	35,264
Rent	620	0	0	0	0	620
Gifts and Donations	2,862	0	0	0	1,250	4,112
Customer Services	46,419	6,688	0	0	0	53,107
Miscellaneous	2,962	0	0	0	0	2,962
Total Revenues	<u>7,714,899</u>	<u>1,128,479</u>	<u>0</u>	<u>0</u>	<u>1,250</u>	<u>8,844,628</u>
Expenditures:						
Current:						
Instruction:						
Regular	423,991	0	0	0	0	423,991
Special	196,841	0	0	0	0	196,841
Vocational	3,829,436	292,866	0	0	0	4,122,302
Adult/Continuing	161	416,038	0	73,836	0	490,035
Support Services:						
Pupils	276,382	225,892	0	0	0	502,274
Instructional Staff	518,057	232,657	0	0	0	750,714
Board of Education	60,097	0	0	0	0	60,097
Administration	258,911	6,214	0	0	0	265,125
Fiscal	367,591	4,292	0	0	0	371,883
Business	62,963	0	0	0	0	62,963
Operation and Maintenance of Plant	971,353	0	0	0	0	971,353
Pupil Transportation	9,220	0	0	0	0	9,220
Central	229,208	175,486	0	0	28	404,722
Non-Instructional Services	0	0	0	0	211	211
Capital Outlay	0	0	0	14,644	0	14,644
Debt Service:						
Principal Retirement	177,356	0	132,058	0	0	309,414
Interest and Fiscal Charges	52,952	0	0	0	0	52,952
Total Expenditures	<u>7,434,519</u>	<u>1,353,445</u>	<u>132,058</u>	<u>88,480</u>	<u>239</u>	<u>9,008,741</u>
Excess of Revenues Over (Under) Expenditures	<u>280,380</u>	<u>(224,966)</u>	<u>(132,058)</u>	<u>(88,480)</u>	<u>1,011</u>	<u>(164,113)</u>
Other Financing Sources (Uses):						
Proceeds of Sale of Fixed Assets	1,232	0	0	0	0	1,232
Proceeds from Sale of Notes	0	0	0	71,729	0	71,729
Operating Transfers In	0	535	132,058	13,944	0	146,537
Operating Transfers Out	(296,537)	0	0	0	0	(296,537)
Total Other Financing Sources (Uses)	<u>(295,305)</u>	<u>535</u>	<u>132,058</u>	<u>85,673</u>	<u>0</u>	<u>(77,039)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,925)	(224,431)	0	(2,807)	1,011	(241,152)
Fund Balances (Deficit) at Beginning of Year	484,188	395,262	0	702	1,310	881,462
Decrease in Reserve for Inventory	(934)	0	0	0	0	(934)
Fund Balances at End of Year	<u>\$468,329</u>	<u>\$170,831</u>	<u>\$0</u>	<u>(\$2,105)</u>	<u>\$2,321</u>	<u>\$639,376</u>

See Accompanying Notes to the General Purpose Financial Statements

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$4,327,625	\$4,327,625	\$0	\$0	\$0	\$0
Intergovernmental	3,062,865	3,062,865	0	1,193,332	1,192,732	(600)
Interest	70,977	70,977	0	0	0	0
Tuition and Fees	27,811	27,811	0	0	0	0
Rent	620	620	0	0	0	0
Gifts and Donations	2,862	2,862	0	0	0	0
Customer Services	48,266	48,266	0	6,688	6,688	0
Miscellaneous	29,036	29,036	0	0	0	0
Total Revenues	7,570,062	7,570,062	0	1,200,020	1,199,420	(600)
Expenditures:						
Current:						
Instruction:						
Regular	411,842	411,842	0	0	0	0
Special	193,376	193,376	0	0	0	0
Vocational	3,785,242	3,785,242	0	299,305	299,305	0
Adult/Continuing	161	161	0	478,088	478,088	0
Support Services:						
Pupils	265,477	265,477	0	243,498	243,498	0
Instructional Staff	563,062	563,062	0	276,392	276,392	0
Board of Education	63,148	63,148	0	0	0	0
Administration	285,842	285,842	0	7,361	7,361	0
Fiscal	345,046	345,046	0	4,098	4,098	0
Business	72,326	72,326	0	0	0	0
Operation and Maintenance of Plant	994,675	994,675	0	0	0	0
Pupil Transportation	9,637	9,637	0	(1)	(1)	0
Central	222,820	222,820	0	176,274	176,274	0
Non-Instructional Services	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	155,000	155,000	0	0	0	0
Interest and Fiscal Charges	38,138	38,138	0	0	0	0
Total Expenditures	7,408,583	7,408,583	0	1,485,015	1,485,015	0
Excess of Revenues Over (Under) Expenditures	161,479	161,479	0	(284,995)	(285,595)	(600)
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	1,232	1,232	0	0	0	0
Refund of Prior Year Expenditures	17,084	17,084	0	5,021	5,021	0
Refund of Prior Year Receipts	(86,665)	(86,665)	0	(10,584)	(10,584)	0
Advances In	185,392	185,392	0	125,754	125,754	0
Advances Out	(245,470)	(245,470)	0	(131,381)	(131,381)	0
Other Financing Uses	0	0	0	13,171	13,171	0
Operating Transfers In	0	0	0	534	534	0
Operating Transfers Out	(296,536)	(296,536)	0	0	0	0
Total Other Financing Sources (Uses)	(424,963)	(424,963)	0	2,515	2,515	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(263,484)	(263,484)	0	(282,480)	(283,080)	(600)
Fund Balances at Beginning of Year	550,342	550,342	0	213,216	213,216	0
Prior Year Encumbrances Appropriated	125,019	125,019	0	178,850	178,850	0
Fund Balances (Deficit) at End of Year	\$411,877	\$411,877	\$0	\$109,586	\$108,986	(\$600)

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Fund			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	0	\$0	\$0	0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,250	1,250	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	1,250	1,250	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	28	28	0
0	0	0	0	0	0	211	211	0
0	0	0	13,944	13,944	0	0	0	0
132,058	132,058	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
132,058	132,058	0	89,275	89,275	0	239	239	0
(132,058)	(132,058)	0	(89,275)	(89,275)	0	1,011	1,011	0
0	0	0	74,011	71,729	(2,282)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	3,728	3,602	(126)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	(700)	(700)	0	0	0	0
132,058	132,058	0	14,389	13,944	(445)	0	0	0
0	0	0	0	0	0	0	0	0
132,058	132,058	0	91,428	88,575	(2,853)	0	0	0
0	0	0	2,153	(700)	(2,853)	1,011	1,011	0
0	0	0	700	700	0	1,310	1,310	0
0	0	0	0	0	0	0	0	0
\$0	\$0	\$0	\$2,853	\$0	(\$2,853)	\$2,321	\$2,321	\$0

Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

<u>Operating Revenues:</u>	<u>Enterprise</u>
Tuition	\$294,584
Sales	235,672
Charges for Services	7,754
Other Operating Revenues	5,104
Total Operating Revenues	543,114
<u>Operating Expenses:</u>	
Salaries	532,722
Fringe Benefits	125,724
Purchased Services	30,345
Materials and Supplies	62,114
Cost of Sales	151,542
Depreciation	12,740
Other Operating Expenses	110
Total Operating Expenses	915,297
Operating Loss	(372,183)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	8,098
Federal and State Subsidies	157,658
Total Non-Operating Revenues	165,756
Loss Before Operating Transfers	(206,427)
Operating Transfers In	150,000
Net Loss	(56,427)
Retained Earnings at Beginning of Year	11,317
Retained Earnings (Deficit) at End of Year	(45,110)
Contributed Capital at Beginning and End of Year	13,855
Fund Equity at End of Year	(\$31,255)

See Accompanying Notes to the General Purpose Financial Statements

Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition	\$230,627	\$230,627	\$0
Sales	235,672	235,672	0
Charges for Services	8,445	8,445	0
Other Revenues	4,857	4,857	0
Federal and State Subsidies	184,424	184,424	0
Total Revenues	664,025	664,025	0
Expenses:			
Salaries	515,476	515,476	0
Fringe Benefits	127,497	127,497	0
Purchased Services	32,391	32,391	0
Materials and Supplies	208,390	208,390	0
Capital Outlay	5,185	5,185	0
Other	110	110	0
Total Expenses	889,049	889,049	0
Excess of Revenue Under Expenses Before Advances and Operating Transfers	(225,024)	(225,024)	0
Other Financing Sources (Uses)			
Other	247	247	0
Advances Out	(54,010)	(54,010)	0
Advances In	116,114	116,114	0
Operating Transfers In	150,000	150,000	0
Total Other Financing Sources (Uses)	212,351	212,351	0
Excess of Revenues Over (Under) Expenses, Advances, and Operating Transfers	(12,673)	(12,673)	0
Fund Equity at Beginning of Year	35,366	35,366	0
Prior Year Encumbrances Appropriated	8,522	8,522	0
Fund Equity at End of Year	\$31,215	\$31,215	\$0

See Accompanying Notes to the General Purpose Financial Statements

Combined Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

	Enterprise Funds
<u>Increase/(Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$474,744
Other Cash Receipts	5,104
Cash Payments to Suppliers for Goods and Services	(233,273)
Cash Payments for Employee Services	(641,987)
Other Cash Payments	(110)
Net Cash Provided by (Used for) Operating Activities	(395,522)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	184,424
Operating Transfers In	150,000
Advances In	116,114
Advances Out	(54,010)
Net Cash Provided by (Used for) Noncapital Financing Activities	396,528
Net Increase (Decrease) in Cash and Cash Equivalents	1,006
Cash and Cash Equivalents Beginning of Year	43,891
Cash and Cash Equivalents End of Year	\$44,897
<u>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</u>	
Net Loss	(372,183)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	12,740
Donated Commodities Used During the Year	8,098
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(63,266)
Increase in Inventory Held for Resale	(991)
Decrease in Materials and Supplies Inventory	8
Increase in Compensated Absences Payable	2,853
Decrease in Intergovernmental Payable	(867)
Increase in Accounts Payable	3,612
Increase in Accrued Wages and Benefits	14,474
Net Cash Used in Operating Activities	(\$395,522)

See Accompanying Notes to the General Purpose Financial Statements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Springfield and Clark County Joint Vocational School (the "School District") is a joint vocational school district as defined by Section 3322.28 of the Ohio Revised Code. The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Springfield and Clark County "JVS Plan" was approved by the State Department of Education on April 13, 1964. On May 18, 1964, the Springfield and Clark County Joint Vocational School Board of Education was organized. The Board is comprised of two members of the Springfield City Board of Education and one from the Clark County Educational Service Center. The number of representatives from the City and the Educational Service Center was based on the student population at that time. The City and the Educational Service Center each select who will also serve as members of the board of the School District.

The school systems participating in the School District include: Springfield City, Northeastern Local, Southeastern Local, Clark-Shawnee Local, Mad River Green Local, Tecumseh Local and Northwestern Local. Each of these districts may send students to the School District which offers students job training leading to employment upon graduation from high school. Each of the participating may appoint a member from its Board to the Springfield Clark County Joint Vocational School Board.

A reporting entity is comprised of the jointly governed organization, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The jointly governed organization of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, preschool and student related activities of the School District.

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

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

City of Springfield - The city government of Springfield is a separate body politic and corporate. The council is elected independent of any School District relationships and administers the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

The School District is associated with one joint venture, three jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 17 of the general purpose financial statements. These organizations are:

Joint Venture:
Early Childhood Education Center

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group
Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 debt 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 the trust fund.)

Proprietary Fund Type:

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

Enterprise Funds - Enterprise funds are used to account for 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 and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the expendable trust fund 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 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 funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. 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. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 legal 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. Prior to fiscal year end, the School District passes appropriations to match expenditures plus encumbrances.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. 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, including proprietary 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.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$65,120, which includes \$11,903 assigned from other School District funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

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

F. Restricted Assets

Restricted assets in the General Fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

G. Estimates

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

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 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 five hundred dollars. The School District does not have any infrastructure.

Improvements are capitalized. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

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 ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

I. Intergovernmental Revenues

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Career Education
- Vocational Education
- Teacher Development
- Education Management Information Systems
- Adult Basic Education
- Title VI
- Job Training Partnership Act
- SchoolNet Professional Development
- A.B.L.E.
- Carl Perkins Grant
- CDBG - GED Jail Program
- Entry Year Programs
- Conflict Management Grant
- Continuous Improvement Development Grant

Reimbursable Grants

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 47 percent of governmental fund revenue during the 1999 fiscal year.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt 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 pension obligations that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Payments more than sixty days after year-end are considered not to have been paid using current available financial resources. Capital leases and long-term loans are reported as a liability of the general long-term debt account group until due.

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

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues 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, inventory of supplies and materials, property taxes, and budget stabilization.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves (Continued)

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 enterprise funds that are 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 1994, 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 proprietary funds have been classified as retained earnings.

P. Prepaid Items

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

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

The Job Training Partnership Act, Community Development Block Grant, and National Skills Special Revenue Funds, Permanent Improvement Capital Projects Fund, and Adult Education Enterprise Fund had deficit fund balances/retained earnings as of June 30, 1999 of \$6,318, \$377, \$2,105, and \$58,027, respectively. The deficits result from adjustments for accruals. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type(GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	(\$14,925)	(\$224,432)	(\$2,807)	\$1,011
Revenue Accruals	(127,753)	89,133	0	0
Expenditure Accruals	103,475	(25,642)	0	0
Prepaid Items	4,807	0	0	0
Advances	(60,079)	(5,627)	3,602	0
Encumbrances	(169,010)	(116,512)	(1,495)	0
Budget Basis	<u>(263,485)</u>	<u>(283,080)</u>	<u>(700)</u>	<u>1,011</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss/Excess of Revenues Over (Under) Expenses, Advances, and Operating Transfers Proprietary Fund Type	
GAAP Basis	(56,427)
Revenue Accruals	(36,500)
Expense Accruals	31,651
Materials and Supplies Inventory	(7)
Inventory Held for Resale	1,276
Depreciation Expense	12,740
Advances	62,104
Encumbrances	<u>(27,510)</u>
Budget Basis	<u><u>(12,673)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$335,055 and the bank balance was \$448,930.

1. \$200,000 was covered by federal depository insurance; and
2. \$248,930 was uninsured and uncollateralized. Although 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 required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterpart'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 counterpart, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a fair value of \$555,430 at June 30, 1999.

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 entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement 9	\$890,485	\$0
Investment of the Cash Management Pool:		
STAR Ohio	(555,430)	555,430
GASB Statement 3	\$335,055	\$555,430

NOTE 6 - PROPERTY TAXES

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar taxes.

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

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

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

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

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

The School District receives property taxes from Clark, Miami, Champaign, and Greene Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County 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 that 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 \$678,216 in the General Fund.

The assessed values upon which fiscal year 1998 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agriculture/Residential and Other Real Estate	\$1,541,341,410	82%	\$1,541,821,900	82%
Public Utility	126,616,300	7%	126,135,810	7%
Tangible Personal	<u>212,943,821</u>	<u>11%</u>	<u>212,943,821</u>	<u>11%</u>
Total Assessed Value	<u>\$1,880,901,531</u>	<u>100%</u>	<u>\$1,880,901,531</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$3.00		\$3.00	

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 7 - RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Special Revenue Funds:	
Vocational Education	\$78,348
Adult Basic Literacy Education	58,586
State Education Grant	1,800
Career Development Grant	11,870
Miscellaneous Federal Grants	<u>0</u>
Total Intergovernmental Receivables	<u><u>\$150,604</u></u>

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$178,633
Less Accumulated Depreciation	<u>(109,343)</u>
Net Fixed Assets	<u><u>\$ 69,290</u></u>

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

<u>Asset Category</u>	Restated			Balance at 6/30/99
	Balance at 6/30/98	Additions	Deletions	
Land and Improvements	\$331,693	\$0	\$0	\$331,693
Buildings and Improvements	5,205,596	0	0	5,205,596
Furniture, Fixtures and Equipment	2,552,271	172,506	32,059	2,692,718
Vehicles	<u>195,145</u>	<u>21,762</u>	<u>0</u>	<u>216,907</u>
Totals	<u><u>\$8,284,705</u></u>	<u><u>\$194,268</u></u>	<u><u>\$32,059</u></u>	<u><u>\$8,446,914</u></u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

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 and fleet insurance. Property is protected by Consolidated Insurance.

Coverages provided by Nationwide Insurance Company and Consolidated Insurance are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$14,800,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past seven years. There have been no significant deductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 43634.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 of annual covered salary percent was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$145,442, \$96,573, and \$96,068, respectively; 45 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$22,299 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$620,542, \$507,369, and \$449,055, respectively; 38 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$152,448 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, 8 members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$37,233 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$11,199.

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

NOTE 12 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service.

Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time with the exception of the Superintendent and Treasurer.

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 230 days for all employees. Upon retirement, payment is made for one-fourth of the first 120 days of total sick leave accumulation plus 20.83 percent of days in excess of 120 days up to a maximum of 53.70 days for teachers and classified employees. For administrators, 30 percent of the first 120 days of total sick leave accumulation is paid, plus 20 percent of days in excess of 120 up to a maximum of 65 days for administrative personnel.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 12 – OTHER EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

The School District provides life insurance to most employees through Coresource. Medical/surgical benefits are provided through United Health Care and Anthem Community Mutual.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for band instruments and 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 risk 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 have been capitalized in the general fixed asset account group of \$115,168. 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 \$22,326 in the governmental funds.

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

Fiscal Year Ending June 30,	GLTDAG
2000	\$37,169
2001	37,170
2002	<u>6,195</u>
	80,534
Less: Amount Representing Interest	<u>(16,266)</u>
Total	<u><u>\$64,268</u></u>

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/98	Addition	Deduction	Principal Outstanding 6/30/99
Energy Conservation Loan - 1993 5.65%	\$675,000	\$0	\$155,000	\$520,000
Vocation School Building Assistance Fund Loan 1993 0.00%	\$696,880	\$71,729	\$132,058	\$636,551
Total Long-Term Debt	<u>\$1,371,880</u>	<u>\$71,729</u>	<u>\$287,058</u>	<u>\$1,156,551</u>
Capital Leases	\$86,624	\$0	\$22,356	\$64,268
Intergovernmental Payable	\$17,778	\$9,633	\$17,778	\$9,633
Compensated Absences	\$458,370	\$37,920	\$0	\$496,290
Total General Long-Term Obligations	<u><u>\$1,934,652</u></u>	<u><u>\$119,282</u></u>	<u><u>\$327,192</u></u>	<u><u>\$1,726,742</u></u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Energy Conservation Loan - On July 9, 1993, Springfield and Clark County Joint Vocational School District issued \$1,400,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the Springfield and Clark County Joint Vocational School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for an eight-year period with final maturity during fiscal year 2002. The loan is being retired from the general fund.

Vocational School Building Assistance Fund Loan - On October 29, 1993, Springfield and Clark County Joint Vocational School District was loaned \$1,291,141 by the State of Ohio for the purpose of constructing, remodeling and purchasing equipment for the School District. The loan was issued for a fifteen-year period with final maturity at December 31, 2008. The loan is being retired from the debt service fund.

Vocational School Building Assistance Fund Loan – On April 27, 1999, Springfield Clark County Joint Vocational School District was loaned \$71,729 by the State of Ohio for the purpose of construction, remodeling and purchasing equipment for the school district. The loan was issued for a fifteen year period with a final maturity at April 1, 2014. The loan is being retired from the debt service fund.

Capital leases will be paid from the general fund. Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$169,281,138. The energy conservation debt margin was \$16,928,114, with an unvoted debt margin of \$1,880,902 at June 30, 1999.

Principal and interest requirements to retire the energy conservation and vocational school building assistance fund loans at June 30, 1999 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$198,381	\$29,380	\$227,761
2001	242,867	20,058	262,925
2002	247,867	10,170	258,037
2003	67,867	0	67,867
2004	67,867	0	67,867
2005-2009	307,792	0	307,792
2010-2014	23,910	0	23,910
Total	<u>\$1,156,551</u>	<u>\$59,608</u>	<u>\$1,216,159</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 15 - INTERFUND ACTIVITY

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

<u>Fund Type/Fund</u>	<u>Receivables Interfund</u>	<u>Payables Interfund</u>
General Fund	\$247,649	\$0
<u>Special Revenue Funds:</u>		
ABLE	\$0	32,308
Job Training Partnership Act Acct.	\$0	4,268
Vocational Education	\$0	77,968
National Skill Standards	\$0	2,179
Career Development	<u>\$0</u>	<u>11,210</u>
Total Special Revenue	\$0	127,933
Capital Project Fund	\$0	3,602
<u>Enterprise Funds:</u>		
Adult Education	\$0	116,114
Total All Funds	<u>\$247,649</u>	<u>\$247,649</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$171,580	\$53,973	\$317,561	\$543,114
Depreciation Expense	\$820	\$0	\$11,920	\$12,740
Operating Loss	(\$23,955)	(\$9,052)	(\$339,176)	(\$372,183)
Donated Commodities	\$8,098	\$0	\$0	\$8,098
Federal and State Subsidies	\$14,125	\$0	\$143,533	\$157,658
Operating Transfers In	\$0	\$0	\$150,000	\$150,000
Net Income (Loss)	(\$1,732)	(\$9,052)	(\$45,643)	(\$56,427)
Net Working Capital (Deficit)	\$21,956	\$65	(\$85,650)	(\$63,629)
Total Assets	\$44,848	\$65	\$139,874	\$184,787
Long-Term Intergovernmental	\$5,160	\$0	\$11,804	\$16,964
Long-Term Compensated Absences	\$11,093	\$0	\$19,327	\$30,420
Retained Earnings (Deficit)	\$12,852	\$65	(\$58,027)	(\$45,110)
Contributed Capital	\$0	\$0	\$13,855	\$13,855
Encumbrances Outstanding at June 30, 1999	\$5,075	\$65	\$8,540	\$13,680

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 17 - JOINT VENTURE, JOINTLY GOVERNED ORGANIZATIONS, AND INSURANCE PURCHASING POOL

A. Joint Venture

The Springfield and Clark County Joint Vocational School District entered into an agreement with Clark State Community College to operate the Early Childhood Education Center (the Center). Clark State Community College is acting as the fiscal agent. The Joint Vocational School District has a financial responsibility to the Center to finance any operating deficits based upon a formula in the agreement. The Center incurred an operating profit for the fiscal year ended June 30, 1999. To obtain financial information, write to Joe Jackson, who serves as Vice President of Business Affairs, at: 570 East Leffel Lane, P.O. Box 570, Springfield, Ohio 45501.

B. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer System (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. 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 districts.

The governing board of MVECA consists of five superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth superintendent is from the Greene County Career Center. The School District paid MVECA \$9,453 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 1999, the Springfield and Clark County Joint Vocational School District paid \$41,642 to SOEPC for services provided during the year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 17 - JOINT VENTURE, JOINTLY GOVERNED ORGANIZATIONS, AND INSURANCE PURCHASING POOL (Continued)

Southwestern Ohio Instructional Technology Association (Continued)

Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after the nominating committee nominates individuals to run. One at-large non-public representative is elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets will be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 1999, the School District paid \$65 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at: 150 East Sixth Street, Franklin, Ohio 45005.

C. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,594,258 of school foundation support for its General Fund.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 19 - CONTINGENCIES

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

NOTE 20 – SET-ASIDE CALCULATIONS

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

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.

Although the School District had offsets and qualifying disbursements for textbooks and instructional materials during the year that reduced the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$29,221	\$29,221
Current Year Set-Aside Requirement	136,047	136,047	0	272,094
Current Year Offsets	0	0	0	0
Qualifying Disbursements	(178,175)	(363,273)	0	(541,448)
Total	<u>(42,128)</u>	<u>(227,226)</u>	<u>29,221</u>	<u>(\$240,133)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$29,221</u>	

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 1999
(CASH BASIS)**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education Nutrition Cluster:						
Food Distribution Program - Commodities		10.550	\$0	\$8,383	\$0	\$7,664
National School Lunch Program	03-PU-98	10.555	504	0	504	0
	03-PU-99		2,429	0	2,429	0
	04-PU-98		1,451	0	1,451	0
	04-PU-99		8,920	0	8,920	0
Total National School Lunch Program			13,304	0	13,304	0
Total U.S. Department of Agriculture - Nutrition Cluster			13,304	8,383	13,304	7,664
<u>U.S. BUREAU OF LAND MANAGEMENT</u>						
Passed Through Clark County Auditor Payment in Lieu of Taxes						
	PL-97-258	15.226	180	0	180	0
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education: Adult Basic Education						
	AB-S1-98	84.002	21,172	0	29,769	0
Vocational Education - Basic Grants to States	20-A4-98	84.048	5,156	0	20,873	0
	20-A4-99		29,215	0	25,763	0
	20-A5-97		3,600	0	3,002	0
	20-C1-98		63,605	0	15,026	0
	20-C1-99		366,353	0	420,589	0
	20-C2-98		5,153	0	7,049	0
	20-C2-99		31,402	0	35,779	0
	20-C1-97		0	0	930	0
	20-C2-97		0	0	334	0
Total Vocational Education - Basic Grants to States			504,484	0	529,345	0
Pell Grant		84.063	13,486	0	0	0
Goals 2000	G2-S2-99	84.276	5,000	0	0	0
Innovative Education Program Strategy	C2-S1-99	84.298	2,270	0	2,914	0
Total U.S. Department of Education			546,412	0	562,028	0
<u>U.S. DEPARTMENT OF LABOR</u>						
Passed Through Ohio Department of Education: Employment Services and Job Training						
	WK-BE-98	17.249	229,907	0	337,252	0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed Through Ohio Department of Education: Jobs Reimbursement Program						
	JB-S1-97	93.561	4,640	0	4,640	0
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Passed Through City of Springfield: Community Development Block Grant - GED Jail						
		14.218	3,750	0	4,901	0
Total Federal Financial Assistance			798,193	8,383	922,305	7,664

See accompanying notes to the Schedule of Awards Expenditures

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B--NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C--FEDERAL GRANTS WHOSE FUNDS ARE COMMINGLED WITH OTHER REVENUE SOURCES

The Nutrition Cluster (CFDA #'s, 10.555 and 10.559), Payment in Lieu of Taxes (CFDA # 15.226), and the Adult Basic Education (CFDA # 84.002) programs federal grant receipts were commingled with state and local revenues. It was assumed that federal monies were expended first.

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

Springfield and Clark County Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505

To Members of the Board:

We have audited the financial statements of the Springfield and Clark County Joint Vocational School District, Clark County, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated April 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated April 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-10312-01 and 1999-10312-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated April 14, 2000.

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



JIM PETRO
Auditor of State

April 14, 2000



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

Springfield and Clark County Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505

To Members of the Board:

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal controls over the compliance with federal programs, that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated April 14, 2000.

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



JIM PETRO
Auditor of State

April 14, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END 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)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Employment Services and Job Training Grant (CFDA # 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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END JUNE 30, 1999
(Continued)

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

Finding Number	1999-10312-001
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Payroll Account Reconciliation

As of June 30, 1999, the School District had not reconciled its payroll account and withholding payments were not always made in a timely manner resulting in the School District incurring interest costs on the amount due. Failure to reconcile the payroll account could result in School District funds being misappropriated or not properly accounted for. To reduce this risk, the School District should adopt and implement procedures which would ensure all payroll information is accurately maintained and agrees to the underlying financial records. The payroll bank account should be reconciled to the School District's balance in the payroll account at least monthly and all variances should be promptly resolved. This reconciliation should then be reviewed by independent personnel to further ensure accuracy. Finally, accurate withholding payments should be made promptly to avoid incurring interest and penalties.

Finding Number	1999-10312-002
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Student Activity Funds

Review of the student activity files noted the following weaknesses:

- S Sales Potential forms were not prepared for all fund raising activities.
- S Financial activity maintained by the advisor was not being reconciled to the Treasurer's monthly account summary reports.
- S Reconciliations between expected and actual receipts were not being prepared.

Failure to follow control procedures and maintain complete and accurate supporting documentation could result in account activity being misstated, allow activity assets to be misused, allow revenues to be unreported, or allow unauthorized fund raising activities. To reduce this risk the District should:

- S Require all student managed activities to file a budget and purpose statement to assist in the monitoring of the financial transactions within the individual activity.
- S Require a sales potential form be completed for each sales event. This form should include a description of the sales event, and estimate of the amount of money to be raised; the cost and sales price for individual items sold. This form should be approved by the building principal and the Treasurer.
- S Student activity advisors should maintain an accounting of the financial activity and perform monthly reconciliations to the financial information provided by the Treasurer. Any discrepancies should be communicated to the Treasurer's office immediately.
- S At the end of each sales event a reconciliation of expected and actual revenue should be performed.



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SPRINGFIELD AND CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2000**