

**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education

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

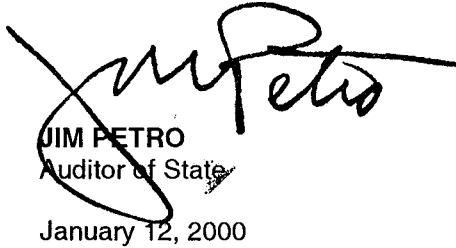
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable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

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

As described in Note 3 to the general purpose financial statements, during 1999 the District implemented Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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



JIM PETRO
Auditor of State
January 12, 2000

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TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
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>			
Cash and Cash Equivalents	\$1,610,505	\$259,577	\$882,702
<i>Receivables</i>			
Taxes	2,307,478	0	0
Accounts	5,796	0	0
Intergovernmental	0	0	0
Interfund	124,423	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	40,645	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0
<i>Restricted Assets</i>			
Cash and Cash Equivalents	108,983	0	0
<u>Other Debits:</u>			
Amount to be Provided from			
General Government Resources	0	0	0
Total Assets and Other Debits	\$4,197,830	\$259,577	\$882,702
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$48,856	\$22,691	\$0
Accrued Wages and Benefits Payable	351,839	15,141	0
Compensated Absences Payable	24,250	0	0
Interfund Payable	0	99,527	0
Intergovernmental Payable	91,096	4,636	0
Deferred Revenue	2,148,321	0	0
Due to Students	0	0	0
Property Tax Refund Payable	0	0	0
Total Liabilities	2,664,362	141,995	0
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
<i>Retained Earnings</i>			
Unreserved	0	0	0
<i>Fund Balance</i>			
Reserved for Encumbrances	116,197	54,481	110,686
Reserved for Inventory	40,645	0	0
Reserved for Property Taxes	159,157	0	0
Reserved for Statutory Set-Asides	108,983	0	0
Unreserved			
Undesignated	1,108,486	63,101	772,016
Total Fund Equity and Other Credits	1,533,468	117,582	882,702
Total Liabilities, Fund Equity and Other Credits	\$4,197,830	\$259,577	\$882,702

See accompanying notes to the general purpose financial statements

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$264,987	\$36,077	\$131,487	\$0	\$0	\$3,185,335
0	0	0	0	0	2,307,478
27,904	0	0	0	0	33,700
4,583	0	0	0	0	4,583
0	0	0	0	0	124,423
8,108	0	0	0	0	8,108
1,123	0	0	0	0	41,768
129,839	251,205	0	5,313,773	0	5,694,817
0	0	0	0	0	108,983
0	0	0	0	317,864	317,864
<u>\$436,544</u>	<u>\$287,282</u>	<u>\$131,487</u>	<u>\$5,313,773</u>	<u>\$317,864</u>	<u>\$11,827,059</u>
\$10,728	\$3,265	\$0	\$0	\$0	\$85,540
15,488	3,176	0	0	0	385,644
872	4,768	0	0	248,953	278,843
24,896	0	0	0	0	124,423
10,016	595	0	0	0	106,343
4,560	0	0	0	0	2,152,881
0	0	45,552	0	0	45,552
0	0	0	0	68,911	68,911
<u>66,560</u>	<u>11,804</u>	<u>45,552</u>	<u>0</u>	<u>317,864</u>	<u>3,248,137</u>
0	0	0	5,313,773	0	5,313,773
369,984	275,478	0	0	0	645,462
0	0	0	0	0	281,364
0	0	0	0	0	40,645
0	0	0	0	0	159,157
0	0	0	0	0	108,983
0	0	85,935	0	0	2,029,538
<u>369,984</u>	<u>275,478</u>	<u>85,935</u>	<u>5,313,773</u>	<u>0</u>	<u>8,578,922</u>
<u>\$436,544</u>	<u>\$287,282</u>	<u>\$131,487</u>	<u>\$5,313,773</u>	<u>\$317,864</u>	<u>\$11,827,059</u>

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

	General	Special Revenue	Capital Projects
<u>Revenues:</u>			
Taxes	\$2,057,933	\$0	\$0
Intergovernmental	3,158,268	681,589	0
Interest	187,253	0	0
Miscellaneous	39,999	91,286	0
<i>Total Revenues</i>	<u>5,443,453</u>	<u>772,876</u>	<u>0</u>
<u>Expenditures:</u>			
<i>Current</i>			
<i>Instruction</i>			
Regular	253,314	39,859	0
Special	0	39,754	0
Vocational	3,259,701	246,569	0
Adult/Continuing	0	93,833	0
<i>Support Services</i>			
Pupils	329,168	88,905	0
Instructional Staff	212,011	92,576	0
Board of Education	35,987	0	0
Administration	298,301	31,031	0
Fiscal	303,975	57	0
Business	60,857	0	0
Operation and Maintenance of Plant	562,273	0	0
Central	0	132,730	0
Operation of Non-Instructional Services	0	3,058	0
Extracurricular Activities	3,202	3,834	0
Capital Outlay	0	0	321,766
<i>Total Expenditures</i>	<u>5,318,789</u>	<u>772,207</u>	<u>321,766</u>
Excess of Revenues Over (Under) Expenditures	124,664	669	(321,766)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	46	3	0
Operating Transfers Out	(3)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>43</u>	<u>3</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	124,707	672	(321,766)
Fund Balance (Deficit) at Beginning of Year	1,413,144	116,910	1,204,468
Increase (Decrease) in Reserve for Inventory	(4,383)	0	0
Fund Balance (Deficit) at End of Year	<u>\$1,533,468</u>	<u>\$117,582</u>	<u>\$882,702</u>

See accompanying notes to the general purpose financial statements

Expendable Trust	Totals (Memorandum Only)
\$0	\$2,057,933
0	3,839,857
2,155	189,408
0	131,285
<u>2,155</u>	<u>6,218,484</u>
0	293,173
0	39,754
0	3,506,270
0	93,833
0	418,073
0	304,587
0	35,987
0	329,332
0	304,032
0	60,857
0	562,273
0	132,730
0	3,058
0	7,036
0	321,766
<u>0</u>	<u>6,412,762</u>
2,155	(194,278)
0	49
<u>0</u>	<u>(3)</u>
<u>0</u>	<u>46</u>
2,155	(194,232)
83,780	2,818,302
<u>0</u>	<u>(4,383)</u>
<u>\$85,935</u>	<u>\$2,619,687</u>

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

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,325,000	\$2,068,311	(\$256,689)
Intergovernmental	3,706,519	3,158,268	(548,251)
Interest	0	187,253	187,253
Miscellaneous	0	15,728	15,728
Total Revenues	6,031,519	5,429,560	(601,959)
<u>Expenditures:</u>			
Current			
Instruction			
Regular	271,367	252,575	18,792
Special	0	0	0
Vocational	3,633,521	3,342,297	291,224
Adult/Continuing	0	0	0
Support Services			
Pupils	354,556	332,955	21,601
Instructional Staff	245,337	229,642	15,695
Board of Education	41,621	40,617	1,004
Administration	375,793	302,704	73,089
Fiscal	340,048	311,197	28,851
Business	79,398	63,949	15,449
Operation and Maintenance of Plant	703,973	582,855	121,118
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	6,699	3,190	3,509
Capital Outlay	0	0	0
Total Expenditures	6,052,313	5,461,981	590,332
Excess of Revenues Over (Under) Expenditures	(20,794)	(32,421)	(11,627)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	46	46	0
Refund of Prior Year Expenditures	36,542	36,542	0
Advances In	129,353	129,353	0
Operating Transfers Out	(3)	(3)	0
Refund of Prior Year Receipts	(10,557)	(10,557)	0
Advances Out	(150,000)	(124,423)	25,577
Total Other Financing Sources (Uses)	5,381	30,958	25,577
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,413)	(1,463)	13,950
Fund Balances at Beginning of Year	1,409,755	1,409,755	0
Prior Year Encumbrances Appropriated	147,314	147,314	0
Fund Balances at End of Year	\$1,541,656	\$1,555,606	\$13,950

See accompanying notes to the general purpose financial statements

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUND

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
604,709	681,589	76,880	500,000	0	(500,000)
0	0	0	0	0	0
0	81,377	81,377	0	0	0
<u>604,709</u>	<u>762,966</u>	<u>158,257</u>	<u>500,000</u>	<u>0</u>	<u>(500,000)</u>
55,871	48,739	7,132	0	0	0
181,693	49,526	132,167	0	0	0
271,375	256,134	15,241	0	0	0
93,953	93,953	0	0	0	0
97,351	96,796	555	0	0	0
100,134	100,659	(525)	0	0	0
0	0	0	0	0	0
38,332	33,610	4,722	0	0	0
2,550	2,550	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
149,474	147,433	2,041	0	0	0
3,175	3,175	0	0	0	0
3,993	3,993	0	0	0	0
0	0	0	1,204,468	432,451	772,017
<u>997,901</u>	<u>836,568</u>	<u>161,333</u>	<u>1,204,468</u>	<u>432,451</u>	<u>772,017</u>
(393,192)	(73,602)	319,590	(704,468)	(432,451)	272,017
3	3	0	0	0	0
10,068	10,068	0	0	0	0
99,527	99,527	0	0	0	0
0	0	0	0	0	0
(13,334)	(13,334)	0	0	0	0
(113,299)	(113,299)	0	0	0	0
<u>(17,035)</u>	<u>(17,035)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(410,227)	(90,637)	319,590	(704,468)	(432,451)	272,017
140,078	140,078	0	1,117,318	1,117,318	0
134,004	134,004	0	87,150	87,150	0
<u>(\$136,145)</u>	<u>\$183,445</u>	<u>\$319,590</u>	<u>\$500,000</u>	<u>\$772,017</u>	<u>\$272,017</u>

(Continued)

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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

	EXPENDABLE TRUST FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	705	2,155	1,450
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>705</u>	<u>2,155</u>	<u>1,450</u>
<u>Expenditures:</u>			
<i>Current</i>			
<i>Instruction</i>			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
<i>Support Services</i>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	4,610	0	4,610
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>4,610</u>	<u>0</u>	<u>4,610</u>
Excess of Revenues Over (Under) Expenditures	(3,905)	2,155	6,060
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,905)	2,155	6,060
Fund Balances at Beginning of Year	83,780	83,780	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	<u>\$79,875</u>	<u>\$85,935</u>	<u>\$6,060</u>

See accompanying notes to the general purpose financial statements

TOTALS (MEMORANDUM ONLY)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,325,000	\$2,068,311	(\$256,689)
4,811,228	3,839,857	(971,371)
705	189,408	188,703
0	97,105	97,105
<u>7,136,933</u>	<u>6,194,681</u>	<u>(942,252)</u>
327,238	301,314	25,924
181,693	49,526	132,167
3,904,896	3,598,431	306,465
93,953	93,953	0
451,907	429,751	22,156
345,471	330,301	15,170
41,621	40,617	1,004
414,125	336,314	77,811
342,598	313,747	28,851
79,398	63,949	15,449
703,973	582,855	121,118
149,474	147,433	2,041
3,175	3,175	0
15,302	7,183	8,119
1,204,468	432,451	772,017
<u>8,259,292</u>	<u>6,731,000</u>	<u>1,528,292</u>
(1,122,359)	(536,319)	586,040
49	49	0
46,610	46,610	0
228,880	228,880	0
(3)	(3)	0
(23,891)	(23,891)	0
(263,299)	(237,722)	25,577
<u>(11,654)</u>	<u>13,923</u>	<u>25,577</u>
(1,134,013)	(522,396)	611,617
2,750,931	2,750,931	0
368,468	368,468	0
<u>\$1,985,386</u>	<u>\$2,597,003</u>	<u>\$611,617</u>

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

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition	\$189,141	\$0	\$189,141
Sales	91,648	0	91,648
Charges for Services	72,213	48,441	120,654
Other Operating Revenues	15,164	0	15,164
<i>Total Operating Revenues</i>	<u>368,166</u>	<u>48,441</u>	<u>416,607</u>
<u>Operating Expenses:</u>			
Salaries	319,930	27,695	347,625
Fringe Benefits	81,348	10,832	92,180
Purchased Services	30,533	8,074	38,607
Materials and Supplies	157,280	29,422	186,702
Cost of Sales	39,612	0	39,612
Depreciation	22,724	82,026	104,750
<i>Total Operating Expenses</i>	<u>651,427</u>	<u>158,049</u>	<u>809,476</u>
Operating Income (Loss)	(283,261)	(109,608)	(392,869)
<u>Nonoperating Revenues (Expenses):</u>			
Federal Donated Commodities	9,707	0	9,707
Loss on Disposal of Fixed Assets	0	(8,839)	(8,839)
Federal and State Subsidies	283,654	43,403	327,057
<i>Total Nonoperating Revenues (Expenses)</i>	<u>293,361</u>	<u>34,564</u>	<u>327,925</u>
Income (Loss) Before Operating Transfers	10,100	(75,044)	(64,944)
Operating Transfers Out	(46)	0	(46)
Net Income (Loss)	10,054	(75,044)	(64,990)
Retained Earnings at Beginning of Year, As Restated	<u>359,930</u>	<u>350,522</u>	<u>710,452</u>
Retained Earnings at End of Year	<u><u>\$369,984</u></u>	<u><u>\$275,478</u></u>	<u><u>\$645,462</u></u>

See accompanying notes to the general purpose financial statements

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
Proprietary Fund Types
For the Fiscal Year Ended June 30, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$105,545	\$0	\$105,545
Cash Received from Tuition and Charges for Services	257,361	48,441	305,802
Cash Payments for Employees Services and Benefits	(402,495)	(40,982)	(443,477)
Cash Payments to Suppliers for Goods and Services	(213,918)	(35,987)	(249,905)
Other Operating Revenues	14,891	0	14,891
<i>Net Cash from Operating Activities</i>	<u>(238,616)</u>	<u>(28,528)</u>	<u>(267,144)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	284,517	43,403	327,920
Operating Transfers Out	(46)	0	(46)
Advances In	24,897	0	24,897
Advances Out	(16,056)	0	(16,056)
<i>Net Cash from Noncapital Financing Activities</i>	<u>293,312</u>	<u>43,403</u>	<u>336,715</u>
Cash Flows from Capital Financing Activities:			
Cash Payments for Capital Acquisitions	(30,296)	0	(30,296)
<i>Net Cash from Capital Financing Activities</i>	<u>(30,296)</u>	<u>0</u>	<u>(30,296)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,400	14,875	39,275
Cash and Cash Equivalents at Beginning of Year	<u>240,587</u>	<u>21,202</u>	<u>261,789</u>
Cash and Cash Equivalents at End of Year	<u><u>\$264,987</u></u>	<u><u>\$36,077</u></u>	<u><u>\$301,064</u></u>
Reconciliation of Operating Income (Loss)			
to Net Cash from Operating Activities:			
Operating Income (Loss)	(\$283,261)	(\$109,608)	(\$392,869)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash from Operating Activities:			
Depreciation	22,724	82,026	104,750
Donated Commodities Used During Year	9,707	0	9,707
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	9,905	0	9,905
(Increase) Decrease in Intergovernmental Receivable	(274)	0	(274)
(Increase) Decrease in Materials and Supplies Inventory	(911)	0	(911)
(Increase) Decrease in Inventory Held for Resale	(5,198)	0	(5,198)
Increase (Decrease) in Accounts Payable	7,542	1,508	9,050
Increase (Decrease) in Accrued Salaries	(98)	(1,802)	(1,900)
Increase (Decrease) in Intergovernmental Payable	(1,522)	(950)	(2,472)
Increase (Decrease) in Compensated Absences	403	298	701
Increase (Decrease) in Deferred Revenue	2,367	0	2,367
Total Adjustments	<u>44,645</u>	<u>81,080</u>	<u>125,725</u>
Net Cash from Operating Activities	<u><u>(238,616)</u></u>	<u><u>(28,528)</u></u>	<u><u>(267,144)</u></u>

See accompanying notes to the general purpose financial statements

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Tri-County Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The District includes eight participating districts spread throughout Athens, Hocking and Perry Counties.

The District operates under a eleven-member Board of Education and is responsible for the provision of public education to residents of the District. The Board of Education of the District is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The District has an enrollment of 646 students and is staffed by 32 classified, 72 certified and 8 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the District are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, include student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The District is involved with the Southeast Ohio Voluntary Educational Consortium (SEOVEC) and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as public entity risk pool. Additional information concerning the jointly governed organizations and public entity risk pool is presented in Note 17.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-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 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 District's accounting policies are described below.

Basis of Presentation - Fund Accounting

The 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 District functions or activities.

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

For financial statement presentation purposes, the various funds of the 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 District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types.

General Fund - The general fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

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).

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Type:

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

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

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

Fiduciary Fund Types:

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

Expendable Trust Funds - These funds account for resources, including both principal and earnings which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus 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 District, other than those accounted for in the proprietary funds.

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental 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 District is sixty days after year end.

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, whose availability is undeterminable 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. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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 primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Athens 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 Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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 District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate requested during fiscal year 1999.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Budgetary Data (Continued)

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, there were no supplemental appropriations enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Prior to year-end, the District filed with the County Budget Commission a final appropriations measure that equaled expenditures plus encumbrances for the year. Formal budgetary integration is employed as a management control device during the year for all 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 year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations. At the close of each 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.

Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. The District credits interest to the General and Expendable Trust Funds. Interest revenue earned in fiscal year 1999 totaled \$189,408.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Investments (Continued)

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

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 a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents

Inventory

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

Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish textbook, capital improvement, and budget stabilization reserves. The textbook and capital improvement reserves are required by State statute and can only be used for expenditures designated by State statute. The budget stabilization reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the 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 District maintains a capitalization threshold of three hundred dollars. The District does not possess 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.

Depreciation of buildings, improvements, furniture and equipment is computed using the straight-line method over an estimated useful life.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Intergovernmental Revenues

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

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

Entitlements:

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants:

Special Revenue Funds

Educational Management Information System
Eisenhower Professional Development
Chapter II
Drug-Free Schools Program
Professional Development Block Grant

Capital Projects Funds

School Net

Reimbursable Grants:

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
School Breakfast Program
Government Donated Commodities

Grants and entitlements accounted for sixty percent of the District's operating revenue during the 1999 fiscal year.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve accounts which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

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 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified, certified, and administrative employees after twenty years of service.

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

Accrued Liabilities and Long-Term Obligations

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

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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.

Fund Balance Reserves

The District reserves fund balance for amounts that are legally segregated for specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, and statutory set-asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for statutory set-asides represents the amounts that have been set aside to meet the requirements of House Bill No. 412.

Total Columns on General Purpose Financial Statements

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

For fiscal year 1999, the District has implemented *GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."* This statement establishes accounting and reporting guidelines for eligible deferred compensation plans that are now required to be held in trust for the exclusive benefit of plan participants and their beneficiaries. The implementation of this statement required no change in prior period balances of the District's financial statements. However, it did require the removal of \$77,807 in plan assets during the current period, from both the funds on deposit with the deferred compensation boards and the deferred compensation payable in the Agency Funds.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY -
(Continued)

During fiscal year 1999, the District restated the value of its fixed assets in the Enterprise Funds, Internal Service Funds and General Fixed Assets Account Group. Additionally, the District restated its intergovernmental obligation in the Enterprise Funds. The effects of these adjustments on account balances/retained earnings as previously reported for the year ended June 30, 1998 are as follows:

	Enterprise
Retained Earnings as Previously Reported	\$355,738
Understatement of Fixed Assets	8,701
Understatement of Intergovernmental Payables	(4,509)
Restated Retained Earnings as of July 1, 1998	\$359,930
	Internal Service
Retained Earnings as Previously Reported	\$38,083
Understatement of Fixed Assets	312,439
Restated Retained Earnings as of July 1, 1998	\$350,522
	General Fixed Assets Account Group
Restated Account Balance as of July 1, 1998	\$5,381,204
Understatement of Fixed Assets	73,494
Restated Account Balance as of July 1, 1998	\$5,454,698

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balance 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 is presented on the budget basis to provide a meaningful comparison of actual results with the budget. The advances in and advances out on this statement are different as a result of advances made in and out of the Enterprise Funds. The major differences between the budget basis and GAAP basis are that:

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$124,707	\$672	(\$321,766)
Net Adjustment for Revenue Accruals	(13,893)	(9,910)	0
Net Adjustment for Expenditure Accruals and Encumbrances	(143,192)	(64,361)	(110,685)
Net Adjustment for Other Financing Sources (Uses)	30,915	(17,038)	0
Budget Basis	(\$1,463)	(\$90,637)	(\$432,451)

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - ACCOUNTABILITY

Fund Deficits

Fund balances at June 30, 1999, included the following individual fund deficits.

Special Revenue Funds

Tech-Prep Grant	\$28,441
Economic Education	1,260
Career Development	6,663
Adult Education Full Service	3,000
Driver's Education	250
Vocational Education	14,406
Miscellaneous Federal Grants	11,497

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes requires the classification of monies held by the 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 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 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 pass book accounts.

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - CASH, 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 securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities,
3. Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of 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 and eighty days, in an amount not to exceed twenty-five percent of interim moneys available for investment at any 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 obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 and Reverse Repurchase Agreements."

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Deposits: At fiscal year-end, the carrying amount of the District's deposits was \$3,294,318 and the bank balance was \$3,490,004. Of the bank balance, \$200,000 was covered by federal deposit insurance, \$1,400,000 was collateralized with securities held by the District or by its agency in the District's name, and \$1,890,004 was considered uninsured and uncollateralized, although it was covered by a collateral pool, allowed under Ohio Revised Code Section 135.181. Although the pledging institution and the District met all State statutory requirements for the deposit of money, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. During fiscal year 1999, the District held no investments.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 1999 taxes were collected are:

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - PROPERTY TAXES (Continued)

	1998 Second - Half Collections		1999 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$708,631,340	76 7%	\$761,906,200	77 0%
Public Utility Personal	138,206,930	15 0%	137,735,070	13 9%
Tangible Personal Property	77,144,208	8 3%	90,248,719	9 1%
	<u>\$923,982,478</u>	<u>100 0%</u>	<u>\$989,889,989</u>	<u>100 0%</u>
Tax rate per \$1,000 of assessed valuation	\$3 30		\$3 30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 1999 is 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 represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. Tri-County Joint Vocational School District had \$159,157 available for advance to the General Fund at June 30, 1999.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal item of intergovernmental receivable follows:

	Amount
<i>Enterprise Fund</i>	
Food Service	\$4,583
	4,583
Total Enterprise Fund	4,583
	\$4,583
Total Intergovernmental Receivable	\$4,583

NOTE 9 - FIXED ASSETS

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

	Enterprise	Internal Service
Furniture and Equipment	\$295,208	\$446,989
Less: Accumulated Depreciation	(165,369)	(195,784)
	\$129,839	\$251,205
Net Fixed Assets	\$129,839	\$251,205

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

	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$18,308	\$0	\$0	\$18,308
Building and Improvements	4,107,048	0	0	4,107,048
Furniture, Fixtures, and Equipment	3,502,508	528,065	49,143	3,981,430
Totals	\$7,627,864	\$528,065	\$49,143	\$8,106,786
Less: Accumulated Depreciation				(2,793,013)
Net Fixed Assets				\$5,313,773

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - RISK MANAGEMENT

The 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 District contracted with Reed and Baur Insurance for property and fleet insurance and inland marine coverage, and with Nationwide Insurance for liability insurance. Reed and Baur Insurance also provides public official bonds. Coverages provided at June 30, 1999 are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$11,056,550
Inland Marine Coverage	145,032
Automobile Liability (\$0 deductible)	500,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	500,000
General Liability:	
Medical Expense Limit (any one person)	5,000
Fire Damage Limit (any one fire)	100,000
Per Occurrence	2,000,000
Total Per Year	5,000,000
Public Official Bonds:	
Treasurer	50,000
Superintendent/Board President/Board Vice-President (each)	20,000
Blanket (all others)	2,500

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

Workers' Compensation

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district 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 of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$109,444, \$106,720, and \$102,642, respectively; 85 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$16,234 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. 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 District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$436,364, \$441,193, and \$443,407, respectively; 86 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$62,941 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

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, five members of the Board of Education have elected Social Security.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement 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 health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 8 percent. For the District, this amount equaled \$246,752 during fiscal year 1999.

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

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivorship 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.

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. 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 at June 30, 1998 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. The number of participants currently receiving health care benefits is approximately 50,000. For the District, the amount to fund health care benefits, including the surcharge, equaled \$53,549 during the 1999 fiscal year.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment, however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 300 days for teachers, administrators and classified employees. Upon retirement, teachers and administrators receive one-fourth of the total sick leave accumulation up to a maximum of fifty (50) days while classified employees receive up to a maximum of forty days (40).

Deferred Compensation

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

Under the Ohio Public Employees Deferred Compensation Program, all assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets of this plan are no longer reflected in the combined financial statements of the District.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during fiscal year 1999, were as follows:

	Principal Outstanding June 30, 1998	Additions	Deletions	Principal Outstanding June 30, 1999
Compensated Absences Payable	\$243,667	\$5,286	\$0	\$248,953
Property Tax Refund Payable	89,530	0	20,619	68,911
Totals	<u>\$333,197</u>	<u>\$5,286</u>	<u>\$20,619</u>	<u>\$317,864</u>

Compensated absences payable will be paid from the fund from which the employee is paid. The property tax refund will be deducted over the next four years on the tax settlements by the Athens County Auditor.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 1999 were comprised of the following interfund receivable and interfund payables:

<i>General Fund</i>	<u>\$124,423</u>	Interfund Receivable
<i>Special Revenue Funds:</i>		
Career Development	\$11,404	Interfund Payable
Miscellaneous State Grant	478	Interfund Payable
Vocational Education	66,486	Interfund Payable
School-to-Work Federal Grant	15,359	Interfund Payable
Economic Education	1,800	Interfund Payable
Adult Education Full Service	3,000	Interfund Payable
Driver Education	<u>1,000</u>	Interfund Payable
Total Special Revenue Funds	99,527	
<i>Enterprise Funds</i>		
Uniform School Supplies	12,426	Interfund Payable
Adult Education	<u>12,470</u>	Interfund Payable
Total Enterprise Funds	<u>24,896</u>	
Total	<u>\$124,423</u>	

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 1999.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Rotary - Special Services	Adult Education	Total Enterprise Funds
Operating Revenues	\$63,699	\$37,470	\$68,363	\$198,634	\$368,166
Operating Expenses					
Before Depreciation	107,930	62,533	64,511	393,729	628,703
Depreciation	6,229	444	531	15,520	22,724
Operating Income (Loss)	(50,460)	(25,507)	3,321	(210,615)	(283,261)
Donated Commodities	9,707	0	0	0	9,707
Operating Grants	37,493	0	2,649	243,512	283,654
Net Income (Loss)	(3,259)	(25,554)	5,970	32,897	10,054
Fixed Assets Additions	40,672	7,736	5,370	76,061	129,839
Net Working Capital	6,214	46,506	67,044	120,381	240,145
Total Assets	61,747	67,834	73,099	233,864	436,544
Total Liabilities	14,862	13,592	685	37,421	66,560
Total Equity	46,885	54,242	72,414	196,443	369,984

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL

A. Jointly Governed Organizations

Southeast Ohio Voluntary Educational Consortium (SEOVEC)

Southeast Ohio Voluntary Educational Consortium (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The District made no significant payments for membership in fiscal year 1999. To obtain financial information, write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL (Continued)

A. Jointly Governed Organizations (Continued)

Athens County School Employees Health and Welfare Benefit Association

The District is a participant in a consortium of seven district to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

B. Public Entity Risk Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

NOTE 18 - CONTINGENCIES

Grants: The 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 District at June 30, 1999.

Litigation: The District is currently not party to any significant pending litigation.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 1999:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of July 1, 1998	\$0	\$0	\$60,391	\$60,391
Current Year Set-Aside Requirement	97,183	97,183	48,592	242,958
Current Year Offset	0	0	0	0
Qualifying Disbursements	<u>(217,494)</u>	<u>(533,325)</u>	<u>0</u>	<u>(750,819)</u>
Total	<u>(120,311)</u>	<u>(436,142)</u>	<u>108,983</u>	<u>(447,470)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$108,983</u>	
Total Restricted Assets				<u>\$108,983</u>

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

NOTE 20 - YEAR 2000 ISSUE

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

The District has completed an inventory of computer and other equipment necessary to conduct District operations and has identified such systems as being financial reporting, payroll and employee benefits, asset and equipment inventory, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The information described below is as of June 30, 1999

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform Staff Payroll System for its payroll and employee benefits, and the State of Ohio School Asset Account System/Equipment Inventory Subsystem for keeping its fixed asset records. The State has tested and validated these systems for year 2000 compliance

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 20 - YEAR 2000 ISSUE - (Continued)

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State has also tested and validated these systems for year 2000 compliance.

Tax collection for the District is handled by Athens, Hocking, Meigs, Morgan, Perry and Vinton Counties. The Counties have each tested and validated their systems for year 2000 compliance.

The District has also attempted to solicit information from other entities such as vendors and service agents whose year 2000 compliance could effect the operations of the District. Although the District does not have full and complete knowledge, we have received no responses to date that would indicate problems with third-party year 2000 compliance that would have a materially negative impact on the District.

To the best of management's knowledge and belief, as of the date of this report, the District experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

NOTE 21 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the District. For the fiscal year ended June 30, 1999, the District received \$3,158,268 in 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 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.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Direct from Federal Government:</i>						
Production Flexibility Payments for Contract Commodities	N/A	10 055	\$1,801	\$0	\$1,801	\$0
<i>Pass Through State Department of Education:</i>						
Food Distribution Program (Commodities)	N/A	10 550	0	9,707	0	7,340
<i>Child Nutrition Cluster:</i>						
National School Lunch Program	03-PU-98	10 555	1,516	0	1,516	0
	03-PU-99		3,434	0	3,434	
	04-PU-98		9,091	0	9,091	
	04-PU-99		21,194	0	21,194	0
Total National School Lunch Program			<u>35,235</u>	<u>0</u>	<u>35,235</u>	<u>0</u>
Total Child Nutrition Cluster			<u>35,235</u>	<u>0</u>	<u>35,235</u>	<u>0</u>
Total United States Department of Agriculture			37,036	9,707	37,036	7,340
U.S. DEPARTMENT OF LABOR						
<i>Pass-Through State Department of Education:</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	WK-BE-98	17 249	39,009	0	21,542	0
<i>Pass Through Washington County Joint Vocational School District</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	WK-BE-97	17 249	0	0	34,606	0
	WK-BE-98		20,000	0	17,369	0
			<u>20,000</u>	<u>0</u>	<u>51,975</u>	<u>0</u>
Total Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program			<u>59,009</u>	<u>0</u>	<u>73,517</u>	<u>0</u>
Total United States Department of Labor			59,009	0	73,517	0
U. S. DEPARTMENT OF EDUCATION						
<i>Direct from Federal Government:</i>						
Federal Pell Grant Program	N/A	84 063	73,834	0	73,834	0
Telecommunications Act Grant - FCC E-Rate	N/A	84 XXX	17,971	0	110,412	0
<i>Pass Through State Department of Education:</i>						
Vocational Education-Basic Grants to States	20-A4-96	84 048	0	0	863	0
	20-A4-97		0	0	5,686	0
	20-A4-98		6,337	0	4,940	0
	20-C1-97		0	0	1,586	0
	20-C1-98		85,454	0	87,717	0
	20-C1-99		242,314	0	238,074	0
	20-C2-97		0	0	549	0
	20-C2-98		4,966	0	1,303	0
	20-C2-99		40,204	0	46,161	0
Total Vocational Education-Basic Grants to States			<u>379,275</u>	<u>0</u>	<u>386,879</u>	<u>0</u>
Eisenhower Professional Development State Grants	MS-S1-97	84 281	0	0	87	0
	MS-S1-98		1,841	0	1,632	0
Total Eisenhower Professional Development State Grants			<u>1,841</u>	<u>0</u>	<u>1,719</u>	<u>0</u>
Innovative Education Program Strategies	C2-S1-98	84 298	(5)	0	0	0
	C2-S1-99		2,806	0	668	0
Total Innovative Education Program Strategies			<u>2,801</u>	<u>0</u>	<u>668</u>	<u>0</u>
Total United States Department of Education			<u>475,722</u>	<u>0</u>	<u>573,512</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$571,767</u>	<u>\$9,707</u>	<u>\$684,065</u>	<u>\$7,340</u>

The notes to the schedule of federal awards expenditures is an integral part of this statement

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures is a summary of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting

NOTE B - FOOD DISTRIBUTION

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

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

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education

We have audited the general purpose financial statements of the Tri-County Joint Vocational School District, Athens County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 12, 2000, wherein we noted that the School District changed its method of accounting for deferred compensation plan assets. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in accompanying Schedule of Findings as items 1999-10705-001 through 1999-10705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 12, 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-10705-006.

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 item 1999-10705-006 described above is a material weakness. 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 management of the School District in a separate letter dated January 12, 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

January 12, 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**

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education

Compliance

We have audited the compliance of the Tri-County Joint Vocational School District, Athens County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a circular stamp or seal that is partially obscured by the signature.

JIM PETRO
Auditor of State

January 12, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED 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)?	Yes
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States, CFDA #84 048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A. > \$300,000 Type B. all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

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

FINDING NUMBER 1999-10705-001

Ohio Rev. Code § 5705.38 requires each school district to pass an appropriation measure on or about the first day of each fiscal year. If the school district wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting ordinary expenses until October 1, however, it should be adopted before the school district's first expenditure of the fiscal year.

The District did not adopt its temporary appropriation measure for fiscal year 1999 until August 18, 1998 and the permanent appropriation measure for fiscal year 1999 was not adopted until June 16, 1999. The first expenditure of the fiscal year were dated July 10, 1998.

We recommend the District adopt its temporary appropriation measure prior to its first expenditure of the fiscal year and adopt its annual appropriation measure by October 1 of each fiscal year.

FINDING NUMBER 1999-10705-002

Ohio Rev. Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources and that no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimated resources. The following funds had appropriations that exceeded estimated resources at June 30, 1999:

<u>FUND</u>	<u>APPROPRIATIONS</u>	<u>ESTIMATED RESOURCES</u>	<u>VARIANCE</u>
Miscellaneous Grants (019)	\$211,625	\$168,531	(\$43,094)
Adult Education Full Service (413)	20,000	0	(20,000)
Career Development (409)	91,881	78,017	(13,864)
Professional Development (416)	7,908	5,344	(2,564)
EMIS (432)	9,986	0	(9,986)
State Grants (499)	16,602	2,802	(13,800)
Vocational Education (524)	632,384	471,134	(161,250)
Pell (535)	73,884	0	(73,884)
Miscellaneous Federal Grants (599)	80,160	(6,415)	(86,575)
EMRC (014)	106,003	44,024	(61,979)

We recommend the District implement a policy to ensure appropriations do not exceed estimated resources.

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

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

FINDING NUMBER 1999-10705-003

Ohio Rev. Code §5705.29(H) and Ohio Admin. Code §3301-92-03 and §117-2-24 (budgetary stabilization); Ohio Rev. Code §3315.17 and .171 and Ohio Admin. Code §3301-92-01(textbooks); and Ohio Rev. Code §3315.18 and .181 and Ohio Admin. Code §3301-92-02 (capital) require that the school district establish reserves which are to be calculated and set aside annually. These reserves must be represented by restricted cash at year-end and must be accounted for in the general fund. The reserves are to be calculated as specified percentages of the base as defined by the Revised Code.

The School District did not accurately calculate the base amount as defined by the Revised Code, nor did the School District properly account for the reserves in the General Fund. The accompanying financial statements have been adjusted to fairly present these reserves.

We recommend that the School District's management become familiar with the requirements of House Bill 412 and properly calculate and set aside the required reserves as specified by the Ohio Revised Code and Ohio Administrative Code.

FINDING NUMBER 1999-10705-004

Ohio Rev. Code § 5705.412 requires the Treasurer, Superintendent and President of the Board of Education certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days.

Two significant contracts pertaining to the School District's adult education marketing services did not have a properly completed 412 certificate.

We recommend that the Treasurer, Superintendent and President of the Board of Education complete the required certification for all contracts.

FINDING NUMBER 1999-10705-005

Ohio Rev. Code §5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Board approves the District's budget at the object level, which is the level at which disbursements plus encumbrances may not exceed appropriations. Sixty-seven percent of the fund line items tested at the legal level of control as of April 30, 1999 had expenditures exceeding appropriations. Noncompliance can result in fund deficits.

We recommend that the School District compare expenditures to appropriations throughout the fiscal year and make the necessary budgetary amendments to ensure that expenditures do not exceed appropriations at the legal level of control.

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

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

FINDING NUMBER 1999-10705-006

Accounts Receivable Policies and Procedures

There were no written policies or procedures for accounts receivable records concerning tuition, classroom materials and fees, and student activities, for either the adult or secondary education divisions. There were no documented procedures for adding or deleting accounts, posting payments or additional tuition or fees data, billing cycles, aging and write off of delinquent accounts, or collection procedures. Accounts receivable lists were independently maintained, however, management did not provide direction as to accountability and /or consistent financial statement reporting. This resulted in audit adjustments to the general purpose financial statements, and could leave management with unreliable information on which to base decisions concerning improvement and changes to the accounts receivable system.

We recommend that written policies and procedures for accounts receivable records concerning tuition, classroom materials and fees, and student activities, be prepared and approved by the Board of Education. The policies and procedures should include specific procedures for accountability and financial statement reporting, supervisory review, collection and aging of delinquent accounts, and write-off of uncollectible accounts.

3. FINDINGS FOR FEDERAL AWARDS

None



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TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*
Clerk of the Bureau

Date: FEB 29 2000