



**WASHINGTON COUNTY
JOINT VOCATIONAL SCHOOL DISTRICT
WASHINGTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington County Joint Vocational School District
Washington County
Route 2, Box 2
Marietta, Ohio 45750

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 1999, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

December 14, 1999

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$490,626	\$148,209	\$0	\$5,975
Cash with Fiscal and Escrow Agents	0	0	159	0
Receivables:				
Taxes	1,854,216	0	0	0
Accounts	116	0	0	0
Intergovernmental	46,779	14,158	0	0
Due from Other Funds	1,000	0	0	0
Interfund Receivable	189,419	0	0	0
Prepaid Items	5,677	0	0	0
Materials and Supplies Inventory	21,383	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	109,651	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$2,718,867	 \$162,367	 \$159	 \$5,975

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$74,005	\$63,939	\$0	\$0	\$782,754
0	0	0	0	159
0	0	0	0	1,854,216
63,034	0	0	0	63,150
147,561	0	0	0	208,498
0	0	0	0	1,000
0	0	0	0	189,419
0	0	0	0	5,677
14,721	0	0	0	36,104
0	0	0	0	109,651
16,979	0	6,744,944	0	6,761,923
<u>0</u>	<u>0</u>	<u>0</u>	<u>507,907</u>	<u>507,907</u>
<u>\$316,300</u>	<u>\$63,939</u>	<u>\$6,744,944</u>	<u>\$507,907</u>	<u>\$10,520,458</u>

(continued)

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity <u>and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$54,521	\$25,632	\$0	\$0
Accrued Wages and Benefits Payable	298,926	16,542	0	0
Compensated Absences Payable	5,144	0	0	0
Interfund Payable	0	152,219	0	0
Due to Other Funds	0	1,000	0	0
Intergovernmental Payable	53,195	728	0	0
Deferred Revenue	1,840,343	0	0	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	159	0
Accrued Interest Payable	308	0	0	0
Notes Payable	96,808	0	0	0
Capital Leases Payable	0	0	0	0
Tax Refund Payable	0	0	0	0
Total Liabilities	2,349,245	196,121	159	0
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	53,006	462,043	0	0
Reserved for Inventory	21,383	0	0	0
Reserved for Property Taxes	13,873	0	0	0
Reserved for Textbooks and Instructional Materials	37,384	0	0	0
Reserved for Capital Improvements	9,625	0	0	0
Reserved for Budget Stabilization	62,642	0	0	0
Unreserved, Undesignated (Deficit)	171,709	(495,797)	0	5,975
Total Fund Equity (Deficit) and Other Credits	369,622	(33,754)	0	5,975
Total Liabilities, Fund Equity and Other Credits	\$2,718,867	\$162,367	\$159	\$5,975

See accompanying notes to the general purpose financial statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$39,430	\$0	\$0	\$0	\$119,583
71,610	0	0	0	387,078
37,080	0	0	434,940	477,164
37,200	0	0	0	189,419
0	0	0	0	1,000
9,655	0	0	910	64,488
0	0	0	0	1,840,343
0	63,939	0	0	63,939
0	0	0	0	159
0	0	0	0	308
0	0	0	0	96,808
6,112	0	0	63,988	70,100
0	0	0	8,069	8,069
<u>201,087</u>	<u>63,939</u>	<u>0</u>	<u>507,907</u>	<u>3,318,458</u>
0	0	6,744,944	0	6,744,944
37,517	0	0	0	37,517
77,696	0	0	0	77,696
0	0	0	0	515,049
0	0	0	0	21,383
0	0	0	0	13,873
0	0	0	0	37,384
0	0	0	0	9,625
0	0	0	0	62,642
0	0	0	0	(318,113)
<u>115,213</u>	<u>0</u>	<u>6,744,944</u>	<u>0</u>	<u>7,202,000</u>
<u>\$316,300</u>	<u>\$63,939</u>	<u>\$6,744,944</u>	<u>\$507,907</u>	<u>\$10,520,458</u>

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Revenues:</u>				
Taxes	\$1,717,550	\$0	\$0	\$1,717,550
Intergovernmental	2,386,900	695,745	0	3,082,645
Interest	44,164	0	0	44,164
Tuition and Fees	1,979	0	0	1,979
Rent	78,666	0	0	78,666
Customer Services	57,493	0	0	57,493
Miscellaneous	58,371	0	0	58,371
Total Revenues	4,345,123	695,745	0	5,040,868
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	421,654	323	0	421,977
Vocational	2,141,503	107,269	0	2,248,772
Adult/Continuing	0	7,802	0	7,802
Support Services:				
Pupils	61,923	108,996	0	170,919
Instructional Staff	271,282	121,260	0	392,542
Board of Education	8,960	0	0	8,960
Administration	352,221	281,517	0	633,738
Fiscal	168,145	7,832	0	175,977
Business	39,463	0	0	39,463
Operation of Plant	607,172	0	0	607,172
Central	27,687	43,707	0	71,394
Operation of Non-Instructional Services	10,943	22,023	0	32,966
Extracurricular Activities	2,346	0	0	2,346
Refund of Property Taxes	2,318	0	0	2,318
Capital Outlay	16,985	0	2,000	18,985
Debt Service:				
Principal Retirement	18,298	0	0	18,298
Interest and Fiscal Charges	17,241	0	0	17,241
Total Expenditures	4,168,141	700,729	2,000	4,870,870
Excess of Revenues Over (Under) Expenditures	176,982	(4,984)	(2,000)	169,998
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	2,303	0	0	2,303
Operating Transfers Out	(18,000)	0	0	(18,000)
Total Other Financing Sources (Uses)	(15,697)	0	0	(15,697)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	161,285	(4,984)	(2,000)	154,301
Fund Balances (Deficit) at Beginning of Year	208,044	(28,770)	7,975	187,249
Increase in Reserve for Inventory	293	0	0	293
Fund Balances (Deficit) at End of Year	\$369,622	(\$33,754)	\$5,975	\$341,843

See accompanying notes to the general purpose financial statements

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,697,378	\$1,724,096	\$26,718
Intergovernmental	2,339,664	2,352,651	12,987
Interest	42,000	43,541	1,541
Tuition and Fees	1,700	2,240	540
Rent	82,729	78,666	(4,063)
Customer Services	60,826	64,633	3,807
Miscellaneous	39,670	82,865	43,195
Total Revenues	4,263,967	4,348,692	84,725
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	449,840	425,369	24,471
Vocational	2,217,224	2,173,827	43,397
Adult/Continuing	0	0	0
Support Services:			
Pupils	65,750	60,635	5,115
Instructional Staff	270,465	269,885	580
Board of Education	13,224	8,985	4,239
Administration	377,726	351,627	26,099
Fiscal	194,718	168,826	25,892
Business	42,144	39,465	2,679
Operation of Plant	693,973	675,309	18,664
Central	30,962	27,996	2,966
Operation of Non-Instructional Services	11,525	11,107	418
Extracurricular Activities	2,500	2,346	154
Capital Outlay	21,514	16,985	4,529
Debt Service:			
Principal Retirement	51,019	49,719	1,300
Interest and Fiscal Charges	10,281	9,636	645
Total Expenditures	4,452,865	4,291,717	161,148
Excess of Revenues Over (Under) Expenditures	(188,898)	56,975	245,873
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	1,000	0	(1,000)
Refund of Prior Year Receipts	(5,500)	(2,296)	3,204
Proceeds from Sale of Fixed Assets	1,500	4,211	2,711
Advances In	249,638	249,638	0
Advances Out	(189,419)	(189,419)	0
Operating Transfers Out	(25,000)	(18,000)	7,000
Total Other Financing Sources (Uses)	32,219	44,134	11,915
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(156,679)	101,109	257,788
Fund Balances at Beginning of Year	334,072	334,072	0
Prior Year Encumbrances Appropriated	68,160	68,160	0
Fund Balances (Deficits) at End of Year	\$245,553	\$503,341	\$257,788

(continued)

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

	<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	974,209	729,726	(244,483)
Interest	23	23	0
Tuition and Fees	0	0	0
Rent	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>974,232</u>	<u>729,749</u>	<u>(244,483)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,451	323	1,128
Vocational	120,544	111,055	9,489
Adult/Continuing	400,000	399,739	261
Support Services:			
Pupils	120,991	107,752	13,239
Instructional Staff	120,353	121,002	(649)
Board of Education	0	0	0
Administration	464,181	365,774	98,407
Fiscal	9,012	7,832	1,180
Business	0	0	0
Operation of Plant	0	0	0
Central	43,760	43,707	53
Operation of Non-Instructional Services	31,190	22,586	8,604
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,311,482</u>	<u>1,179,770</u>	<u>131,712</u>
Excess of Revenues Over (Under) Expenditures	<u>(337,250)</u>	<u>(450,021)</u>	<u>(112,771)</u>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	1,250	1,250	0
Refund of Prior Year Receipts	(1,886)	(1,886)	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	152,219	152,219	0
Advances Out	(99,138)	(99,138)	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>52,445</u>	<u>52,445</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(284,805)</u>	<u>(397,576)</u>	<u>(112,771)</u>
Fund Balances at Beginning of Year	22,730	22,730	0
Prior Year Encumbrances Appropriated	35,430	35,430	0
Fund Balances (Deficits) at End of Year	<u>(\$226,645)</u>	<u>(\$339,416)</u>	<u>(\$112,771)</u>

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,697,378	\$1,724,096	\$26,718
0	0	0	3,313,873	3,082,377	(231,496)
0	0	0	42,023	43,564	1,541
0	0	0	1,700	2,240	540
0	0	0	82,729	78,666	(4,063)
0	0	0	60,826	64,633	3,807
0	0	0	39,670	82,865	43,195
0	0	0	5,238,199	5,078,441	(159,758)
0	0	0	451,291	425,692	25,599
5,975	0	5,975	2,343,743	2,284,882	58,861
0	0	0	400,000	399,739	261
0	0	0	186,741	168,387	18,354
0	0	0	390,818	390,887	(69)
0	0	0	13,224	8,985	4,239
0	0	0	841,907	717,401	124,506
0	0	0	203,730	176,658	27,072
0	0	0	42,144	39,465	2,679
0	0	0	693,973	675,309	18,664
0	0	0	74,722	71,703	3,019
0	0	0	42,715	33,693	9,022
0	0	0	2,500	2,346	154
2,000	2,000	0	23,514	18,985	4,529
0	0	0	51,019	49,719	1,300
0	0	0	10,281	9,636	645
7,975	2,000	5,975	5,772,322	5,473,487	298,835
(7,975)	(2,000)	5,975	(534,123)	(395,046)	139,077
0	0	0	2,250	1,250	(1,000)
0	0	0	(7,386)	(4,182)	3,204
0	0	0	1,500	4,211	2,711
0	0	0	401,857	401,857	0
0	0	0	(288,557)	(288,557)	0
0	0	0	(25,000)	(18,000)	7,000
0	0	0	84,664	96,579	11,915
(7,975)	(2,000)	5,975	(449,459)	(298,467)	150,992
7,975	7,975	0	364,777	364,777	0
0	0	0	103,590	103,590	0
\$0	\$5,975	\$5,975	\$18,908	\$169,900	\$150,992

Combined Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$992,733
Sales	56,954
	1,049,687
 <u>Operating Expenses:</u>	
Salaries and Wages	711,458
Fringe Benefits	186,678
Purchased Services	248,352
Materials and Supplies	123,703
Cost of Sales	56,619
Depreciation	2,069
	1,328,879
Total Expenses	1,328,879
Operating Loss	(279,192)
 <u>Non-Operating Revenues and Expenses:</u>	
Operating Grants	395,859
Other Non-Operating Revenues	779
Interest and Fiscal Charges	(623)
	396,015
Total Non-Operating Revenues and Expenses	396,015
Income Before Operating Transfers	116,823
Operating Transfers In	18,000
	134,823
Net Income	134,823
Retained Earnings (Deficit) at Beginning of Year	(57,127)
Retained Earnings at End of Year	77,696
Contributed Capital at Beginning of Year	35,825
Capital Contributions from Other Funds	1,692
	37,517
Contributed Capital at End of Year	37,517
Total Fund Equity at End of Year	\$115,213

See accompanying notes to the general purpose financial statements

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

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$1,048,362	\$993,322	(\$55,040)
Sales	55,981	56,262	281
Other	779	779	0
Refund of Prior Year Expense	0	37	37
Operating Grants	461,854	372,473	(89,381)
Total Revenues	1,566,976	1,422,873	(144,103)
<u>Expenses:</u>			
Salaries and Wages	706,492	701,094	5,398
Fringe Benefits	188,853	185,603	3,250
Purchased Services	262,745	258,788	3,957
Materials and Supplies	246,712	185,467	61,245
Capital Outlay	18,622	11,170	7,452
Total Expenses	1,423,424	1,342,122	81,302
Excess of Revenues Over Expenses	143,552	80,751	(62,801)
Advances In	37,200	37,200	0
Advances Out	(150,500)	(150,500)	0
Operating Transfers In	21,000	18,000	(3,000)
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	51,252	(14,549)	(65,801)
Fund Equity at Beginning of Year	28,713	28,713	0
Prior Year Encumbrances Appropriated	27,627	27,627	0
Fund Equity at End of Year	\$107,592	\$41,791	(\$65,801)

See accompanying notes to the general purpose financial statements

Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	<u>Enterprise</u>
Increase (Decrease) in	
<u>Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,051,548
Cash Received from Other Non-Operating Sources	816
Cash Payments to Suppliers for Goods and Services	(411,919)
Cash Payments for Employee Services	(701,094)
Cash Payments for Employee Benefits	(185,604)
	<u>(185,604)</u>
Net Cash Used for Operating Activities	<u>(246,253)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Transfers In	18,000
Advances In	37,200
Advances Out	(150,500)
Operating Grants Received	372,473
	<u>372,473</u>
Net Cash Provided by Noncapital Financing Activities	<u>277,173</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Lease Principal Payments	(1,462)
Capital Lease Interest Payments	(623)
Acquisition of Capital Assets	(11,170)
	<u>(11,170)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(13,255)</u>
Net Increase in Cash and Cash Equivalents	17,665
Cash and Cash Equivalents at Beginning of Year	<u>56,340</u>
Cash and Cash Equivalents at End of Year	<u>\$74,005</u>
Reconciliation of Operating Loss to	
<u>Net Cash Used for Operating Activities:</u>	
Operating Loss	<u>(\$279,192)</u>
Adjustments to Reconcile Operating Loss	
<u>to Net Cash Used for Operating Activities:</u>	
Depreciation	2,069
Other Non-Operating Revenues	779
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(13,406)
Decrease in Intergovernmental Receivable	15,767
Increase in Materials and Supplies Inventory	(938)
Increase in Accounts Payable	18,042
Increase in Accrued Wages and Benefits Payable	8,578
Increase in Compensated Absences Payable	1,707
Increase in Intergovernmental Payable	341
	<u>341</u>
Total Adjustments	<u>32,939</u>
Net Cash Used for Operating Activities	<u>(\$246,253)</u>

During fiscal year 1999, the General Fund acquired fixed assets for the Lunchroom Enterprise Fund in the amount of \$1,692.

See accompanying notes to the general purpose financial statements

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

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Washington County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Washington County Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 20 classified employees and 63 certificated employees who provide services to 450 Washington County juniors and seniors and 2,735 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity:

The reporting entity is comprised of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the School District.

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

The School District is associated with the Southeast Ohio Voluntary Educational Consortium and the Coalition of Rural and Appalachian Schools, which are defined as a jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are presented in Notes 19 and 20.

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

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

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

GOVERNMENTAL FUND TYPES:

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

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

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

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

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

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund type).

PROPRIETARY FUND TYPE:

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

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

FIDUCIARY FUND TYPE:

The fiduciary fund type is used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are all classified as agency funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS:

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

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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.

Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise funds' operating statements present increases (e.g., revenues) and decreases (e.g., 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 School District is sixty days after fiscal year end.

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

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

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

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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.

C. Budgetary Data

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

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 Washington County Budget Commission for rate determination.

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

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Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

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

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Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$44,164, which includes \$8,815 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year, the School District had no investments that met these criteria.

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

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The School District utilizes financial institutions to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the combined balance sheet as “cash with fiscal and escrow agents” and represent deposits.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

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

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H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund type are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of ten to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

State Property Tax Relief

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

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Non-Reimbursable Grants

Special Revenue Funds

Title VI

Career Development

Professional Development Block Grant

Schoolnet Professional Development

Eisenhower Grant

School-to-Work Grant

Equity and Excellence Grant

Carl Perkins Grant

Adult Perkins Grant

Adult Vocational Full Service

Comprehensive Support Grant

High Tech Occupation Grant

Educational Management Information System

Continuous Improvement Plan

Reimbursable Grants

Special Revenue Funds

Pell Grants

Appalachian Regional Commission Grant

Capital Projects Fund

School Net

Proprietary Funds

Adult Education

National School Milk Reimbursement

Grants and entitlements received in governmental funds amounted to 62 percent of governmental fund revenue during the 1999 fiscal year.

J. Interfund Assets/Liabilities

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

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

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K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless whether they will be liquidated with current resources. However, claims and judgements, compensated absences, pension obligations, 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 available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been paid using current available financial resources. Capital leases are recognized as a liability of the general long-term obligations account group until due.

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

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

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M. Interfund Transactions

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

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

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P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total (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 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

At June 30, 1999, the following funds had deficit fund balances/retained earnings:

Special Revenue Funds:	
Carl Perkins	\$26,858
Equitable School to Work	12,000
Adult Perkins	8,746
Appalachian Regional Commission	7,802
High Tech Occupation	1,693
Enterprise Fund:	
Lunchroom	38,751

The deficits in the special revenue funds resulted from expenditures made in excess of available revenues. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Lunchroom Enterprise Fund was the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit .

B. Legal Compliance

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

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

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	<u>Excess</u>
General Fund:	
Support Services - Instructional Staff	
Fringe Benefits	\$806
Special Revenue Fund:	
School Net Professional Development Fund	
Support Services - Instructional Staff	
Salaries and Wages	649

The Appalachian Regional Commission Grant Special Revenue Fund had appropriations in excess of estimated resources plus available balances in the amount of \$400,000 for the fiscal year ended June 30, 1999.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Cash adjustments are reported for GAAP that are not reported on a cash basis (budget basis).

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

6. Principal payments on notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$161,285	(\$4,984)	(\$2,000)
Revenue Accruals	9,409	35,254	0
Unreported Interest	(3,932)	0	0
Advances In	249,638	152,219	0
Expenditure Accruals	17,032	6,698	0
Advances Out	(189,419)	(99,138)	0
Debt Service Principal	(49,719)	0	0
Interest and Fiscal Charges	(181)	0	0
Encumbrances	(93,004)	(487,625)	0
Budget Basis	\$101,109	(\$397,576)	(\$2,000)

Net Income/Excess of Revenues Under Expenses, Transfers and Advances
Proprietary Fund Type

	Enterprise
GAAP Basis	\$134,823
Revenue Accruals	(21,488)
Cash Adjustments	(1,887)
Advances In	37,200
Expense Accruals	26,731
Advances Out	(150,500)
Capital Outlay	(11,170)
Depreciation Expense	2,069
Encumbrances	(30,327)
Budget Basis	(\$14,549)

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

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NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

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

Cash on Hand: At year end, the School District had \$25 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

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

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Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$586,855 and the bank balance was \$763,789. Of the bank balance, \$166,653 was covered by federal depository insurance and \$597,136 was collateralized with securities held by the pledging financial institution's trust department in the School District's name.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at June 30, 1999, was \$305,684.

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$892,564	\$0
Cash on Hand	(25)	0
Investment:		
STAR Ohio	(305,684)	305,684
 GASB Statement 3	 \$586,855	 \$305,684

NOTE 6 - PROPERTY TAXES

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

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

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

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

	<u>1998 Second- Half Collections</u>		<u>1999 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$528,629,130	61%	\$636,041,370	65%
Public Utility	135,073,100	16%	135,391,680	14%
Tangible Personal Property	<u>201,469,670</u>	<u>23%</u>	<u>212,010,340</u>	<u>21%</u>
Total Assessed Value	<u>\$865,171,900</u>	<u>100%</u>	<u>\$983,443,390</u>	<u>100%</u>

Tax Rate per \$1,000 of Assessed Valuation	\$1.80	\$1.80
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Real and public utility property taxes are payable annually and 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, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

The School District receives property taxes from Athens, Washington, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$13,873 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 1998, was \$20,419.

NOTE 7 - RECEIVABLES

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

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Auto Technology Grant	\$17,685
Technology Preparation Communication Grant	14,554
Farm Business Analysis Funding	6,990
Support Agreement Reimbursement	3,018
Kids on Campus	2,000
Miscellaneous Reimbursements	<u>2,532</u>
Total General Fund	<u>46,779</u>
Special Revenue Funds:	
Career Development Grant	11,158
Full Service Grant	<u>3,000</u>
Total Special Revenue Funds	<u>14,158</u>
Enterprise Fund:	
Adult Education	<u>147,561</u>
Total Intergovernmental Receivables	<u>\$208,498</u>

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

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NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$57,662
Less: Accumulated depreciation	<u>(40,683)</u>
 Net Fixed Assets	 <u>\$16,979</u>

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

	Balance at 06/30/98	Additions	Reductions	Balance at 06/30/99
Land	\$48,000	\$0	\$0	\$48,000
Buildings	4,797,488	0	0	4,797,488
Furniture, Fixtures and Equipment	1,817,871	193,029	146,315	1,864,585
Vehicles	34,871	0	0	34,871
 Total	 \$6,698,230	\$193,029	\$146,315	\$6,744,944

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with the following insurance companies for coverages:

Nationwide Insurance Company	
General Liability	
Per Occurrence	\$2,000,000
Aggregate	5,000,000
 Personal Service Insurance Company through Schwendeman Sigafos Insurance Agency	
Automobile Liability	1,000,000
Comprehensive (\$100 deductible)	
Collisions (\$500 deductible)	

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

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Utica National Insurance Company through Schwendeman Sigafoos Insurance Agency	
Building and Contents - replacement cost (\$1,000 deductible)	\$14,975,929
Inland Marine (\$100 deductible)	491,000
Cincinnati Insurance Company through Schwendeman Sigafoos Insurance Agency	
Boiler and Machinery (\$1,000 deductible)	5,000,000

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

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

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

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For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$165,743, \$275,690, and \$308,860, respectively; 90.58 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$16,550 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$44,921, \$45,701, and \$44,961, respectively; equal to the actual contributions for each year.

C. Social Security System

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

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

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NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$220,991 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$28,275.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses.

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

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Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 245 days. Upon retirement, employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 61.25 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 73.5 days for employees having fifteen or more years of service.

B. Insurance Benefits

The School District provides medical/surgical benefits through Medical Mutual of Ohio. The School District pays the total cost of individual plans and ninety percent of the monthly family coverage premiums.

The School District pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Medical Life Insurance Company, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

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

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NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for telephone, lunchroom equipment, and office equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds and as a reduction of the liability in the enterprise funds. These amounts represent the present value of the minimum lease payments at the time of acquisition.

Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$99,676, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$18,298 in the General Fund and \$1,462 in the Adult Education Enterprise Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the net minimum lease payments:

	<u>Amount</u>
Fiscal Year:	
2000	\$28,169
2001	28,169
2002	20,679
2003	<u>5,634</u>
Total	82,651
Less: Amount Representing Interest	<u>(12,551)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$70,100</u>

NOTE 14 - NOTES PAYABLE

The changes in the School District's notes payable during fiscal year 1999 were as follows:

	<u>Outstanding 06/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 06/30/99</u>
General Fund:				
Loan - 7.75%	\$146,527	\$0	\$49,719	\$96,808

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

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The School District was approved for a line of credit of \$412,000 from Citicorp North America in April, 1991, for temperature control and roof improvements. The School District borrowed the full amount of the approved credit; no additional draws can be made from the line of credit. The note liability was reported in the fund which received the proceeds.

Principal and interest requirements to retire the loan outstanding at June 30, 1999, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	53,712	5,621	59,333
2001	<u>43,096</u>	<u>1,404</u>	<u>44,500</u>
Total	<u>\$96,808</u>	<u>\$7,025</u>	<u>\$103,833</u>

NOTE 15 - LONG-TERM OBLIGATIONS

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

	<u>Outstanding 06/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 06/30/99</u>
Compensated Absences	\$465,553	\$69,754	\$100,367	\$434,940
Tax Refund	10,387	0	2,318	8,069
Capital Leases Payable	82,286	0	18,298	63,988
Long-Term Pension Liability	<u>2,057</u>	<u>910</u>	<u>2,057</u>	<u>910</u>
Total Long-Term Obligations	<u>\$560,283</u>	<u>\$70,664</u>	<u>\$123,040</u>	<u>\$507,907</u>

Capital leases will be paid from the General Fund and Adult Education Enterprise Fund. Compensated absences and long-term pension obligations will be paid from the fund which the employee's salaries are paid.

Based on the March 26, 1997 decision by the Ohio State Supreme Court, the School District is required to refund public utility property taxes collected for the 1991 through 1996 tax years to Texas Eastern Transmission Corporation. The liability will be paid from the General Fund through reductions in tax settlements. No interest will be charged on the liability for the 1992 through 1996 tax years.

The School District's overall legal debt margin was \$88,606,713, with an unvoted debt margin of \$983,443 at June 30, 1999.

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

Requirements to retire the Tax Refund obligation at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	
2000	\$2,317
2001	2,318
2002	2,317
2003	<u>1,117</u>
Total	<u>\$8,069</u>

NOTE 16 - INTERFUND ACTIVITY

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

<u>Fund Type/Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$189,419</u>	<u>\$0</u>
Special Revenue Funds:		
School to Work	0	89,514
Cark Perkins	0	26,108
Equitable School to Work	0	12,000
Career Development	0	11,158
Adult Perkins	0	8,746
Adult Vocational Full Service	0	3,000
High Tech Occupation	<u>0</u>	<u>1,693</u>
Total Special Revenue Funds	<u>0</u>	<u>152,219</u>
Adult Education Enterprise Fund	<u>0</u>	<u>37,200</u>
Total	<u>\$189,419</u>	<u>\$189,419</u>

Also at June 30, 1999, the School to Work Special Revenue Fund owed \$1,000 to the General Fund for services provided.

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

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NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$28,932	\$0	\$0	\$28,932
Current Year Set-Aside Requirement	33,710	67,420	67,420	168,550
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>0</u>	<u>(57,795)</u>	<u>(30,036)</u>	<u>(87,831)</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$62,642</u>	<u>\$9,625</u>	<u>\$37,384</u>	<u>\$109,651</u>

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenues	\$56,954	\$21,041	\$971,692	\$1,049,687
Depreciation Expense	856	711	502	2,069
Operating Loss	(19,991)	(104)	(259,097)	(279,192)
Operating Grants	0	0	395,859	395,859
Other Non-Operating Revenues	0	0	779	779
Interest and Fiscal Charges	0	0	623	623
Operating Transfers In	18,000	0	0	18,000
Net Income (Loss)	(1,991)	(104)	136,918	134,823
Net Working Capital	(3,447)	17,557	126,023	140,133
Capital Contributions	1,692	0	0	1,692
Fixed Assets Additions	1,692	0	11,170	12,862
Total Assets	7,076	20,059	289,165	316,300
Long-Term Compensated Absences Payable	1,791	0	33,996	35,787
Total Equity (Deficit)	(1,576)	20,059	96,730	115,213
Encumbrances Outstanding at June 30, 1999	55	0	30,272	30,327

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

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NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

NOTE 20 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School 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 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.

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

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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 School District. During the fiscal year ended June 30, 1999, the School District received \$1,842,066 of school foundation support for its General Fund.

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

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

NOTE 22 - YEAR 2000

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

The School District has entered into a contract with Instrumentation and Compliance Services, Inc. in making the commitment to move towards a Y2K compliance plan for operating systems and equipment determined to be major or serious to the operation of the School District. A committee has been established to work with this firm in our endeavors to comply. An amount of \$8,500 was committed to Instrumentation and Compliance Services, Inc. as of June 30, 1999.

An inventory listing has been distributed and each item category assigned to a team to determine the risk assessment being major, serious, or minor incidental. A vendor letter has been written to be distributed with purchase orders identified as being affected by the Y2K issue.

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

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The School District uses the State of Ohio Uniform Accounting System software for its financial reporting, and payroll and employee benefits through SEOVEC. SEOVEC has issued a statement that most applications of their hardware and software are Y2K compliant and provided a schedule that will be followed concerning the computer operations for Y2K.

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

The School District deals with Peoples Banking & Trust Company. The bank has provided the School District with a Year 2000 Readiness Disclosure statement. A successful test run for direct deposit has been done for three files containing batches with effective dates 12/31/99, 1/1/00, and 2/29/00. The School District has a payroll scheduled for January 7, 2000, and anticipates processing this payroll before the close of calendar year 1999.

The School District contracts with Ameritech for telephone services. Ameritech is responsible for remediating this system.

The School District also has a capital lease agreement with AT&T for the purchase of telephone equipment. Instrumentation and Compliance Services, Inc. has validated and tested this equipment for year 2000 compliance.

A letter concerning compliance has been received from the following companies:

- Honeywell, Inc. - heating and air conditioning controls
- Security Electronics - fire alarm system
- Medical Mutual Insurance - medical insurance company
- Canon, Inc. - copiers
- State Teachers Retirement System

The School District will have a Y2K update on its web page by December, 1999. In the continuing effort to assess equipment affected by Y2K, other areas may be found, and if so, changes will be made to those systems. The School District anticipates that all costs will be handled through the adopted appropriations.

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

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

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NOTE 23 - CONTINGENCIES

A. Grants

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

B. Litigation

The Washington County Joint Vocational School District is currently not party to any litigation.

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through the Ohio Department of Education:</i>				
Employment Services and Job Training - Pilot and Demonstration Program	WK-BE-97	17.249	\$2,000	\$2,000
	WK-BE-98		229,112	273,810
	G2-S2-99		10,000	4,808
	G2-S6-99		<u>40,000</u>	<u>1,567</u>
Total Employment Services and Job Training - Pilot and Demonstration Programs			<u>281,112</u>	<u>282,185</u>
<i>Total U.S. Department of Labor</i>			281,112	282,185
U.S. DEPARTMENT OF EDUCATION				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	N/A	84.063	22,586	22,586
<i>Pass Through Ohio Department of Education:</i>				
Vocational Education - Basic Grants to States	20-A4-98	84.048	6,600	0
	20-A5-99		77,593	91,286
	20-C1-98		25,324	17,289
	20-C1-99		147,943	157,657
	20-C2-98		7,737	0
	20-C2-99		<u>50,206</u>	<u>58,952</u>
Total Vocational Education - Basic Grants to States			315,403	325,184
Eisenhower Professional Development State Grant	MS-S1-99	84.281	0	323
	MS-S1-99		<u>1,103</u>	<u>0</u>
Total Eisenhower Professional Development State Grant			1,103	323
Innovative Education Program Strategies	C2-S1-99	84.298	<u>1,708</u>	<u>1,708</u>
<i>Total U.S. Department of Education</i>			<u>340,800</u>	<u>349,801</u>
Total Federal Awards Receipts and Expenditures			<u><u>\$621,912</u></u>	<u><u>\$631,986</u></u>

The notes to the Schedule of Federal Awards receipts and expenditures are an integral part of this Schedule.

**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 School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Washington County Joint Vocational School District
Washington County
Route 2, Box 2
Marietta, Ohio 45750

To the Board of Education:

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

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated December 14, 1999.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 December 14, 1999.

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". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

December 14, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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**

Washington County Joint Vocational School District
Washington County
Route 2, Box 2
Marietta, Ohio 45750

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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", written in a cursive style.

JIM PETRO
Auditor of State

December 14, 1999

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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WASHINGTON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2000**