



**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ashland County - West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Ashland County - West Holmes Joint Vocational School District, Ashland County, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund 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 1, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 1, 2000

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2000

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 690,909	\$ 100,523	\$ 40,673
Restricted Cash and Cash Equivalents	100,722	0	0
Receivables:			
Taxes	2,300,405	0	396,928
Accounts	501	15,505	0
Interfund	51,485	0	0
Intergovernmental	0	3,886	0
Prepaid Items	41,571	5,669	0
Materials and Supplies	0	0	0
Fixed Assets (Net)	0	0	0
Inventory Held for Resale	0	0	0
<u>Other Debits</u>			
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$ 3,185,593</u>	<u>\$ 125,583</u>	<u>\$ 437,601</u>
<u>Liabilities</u>			
Accounts Payable	\$ 12,633	\$ 23,751	\$ 7,856
Contracts Payable	0	0	52,650
Accrued Wages and Benefits	407,424	47,619	0
Compensated Absences Payable	48,950	499	0
Interfund Payable	0	48,661	0
Intergovernmental Payable	56,769	8,032	0
Deferred Revenue	2,044,889	0	352,543
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
General Obligation Bonds Payable	0	0	0
Total Liabilities	<u>2,570,665</u>	<u>128,562</u>	<u>413,049</u>
<u>Fund Equity and Other Credits</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings (Deficit)	0	0	0
Fund Balance:			
Reserve for Encumbrances	0	0	3,400
Reserved for Endowment	0	0	0
Reserved for Budget Stabilization	100,722	0	0
Reserved for Taxes Unavailable for Appropriation	255,516	0	44,385
Unreserved: Undesignated (Deficit)	258,690	(2,979)	(23,233)
Total Fund Equity and Other Credits	<u>614,928</u>	<u>(2,979)</u>	<u>24,552</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 3,185,593</u>	<u>\$ 125,583</u>	<u>\$ 437,601</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 23,872	\$ 0	\$ 45,986	\$ 0	\$ 0	\$ 901,963
0	0	0	0	0	100,722
0	0	0	0	0	2,697,333
1,122	0	381	0	0	17,509
0	0	0	0	0	51,485
0	0	0	0	0	3,886
778	0	0	0	0	48,018
409	0	0	0	0	409
8,944	0	0	8,166,057	0	8,175,001
2,064	0	0	0	0	2,064
0	0	0	0	465,000	465,000
0	0	0	0	459,312	459,312
<u>\$ 37,189</u>	<u>\$ 0</u>	<u>\$ 46,367</u>	<u>\$ 8,166,057</u>	<u>\$ 924,312</u>	<u>\$ 12,922,702</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,240
0	0	0	0	0	52,650
4,218	0	0	0	0	459,261
3,976	0	0	0	403,316	456,741
0	2,824	0	0	0	51,485
3,153	0	0	0	8,153	76,107
812	45,864	0	0	0	2,444,108
0	0	17,292	0	0	17,292
0	290,018	0	0	0	290,018
0	0	0	0	47,843	47,843
0	0	0	0	465,000	465,000
<u>12,159</u>	<u>338,706</u>	<u>17,292</u>	<u>0</u>	<u>924,312</u>	<u>4,404,745</u>
0	0	0	8,166,057	0	8,166,057
146	0	0	0	0	146
24,884	(338,706)	0	0	0	(313,822)
0	0	0	0	0	3,400
0	0	11,527	0	0	11,527
0	0	0	0	0	100,722
0	0	0	0	0	299,901
0	0	17,548	0	0	250,026
<u>25,030</u>	<u>(338,706)</u>	<u>29,075</u>	<u>8,166,057</u>	<u>0</u>	<u>8,517,957</u>
<u>\$ 37,189</u>	<u>\$ 0</u>	<u>\$ 46,367</u>	<u>\$ 8,166,057</u>	<u>\$ 924,312</u>	<u>\$ 12,922,702</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 2,246,024	\$ 0	\$ 0	\$ 385,606
Intergovernmental	1,861,126	931,616	0	87,668
Investment Income	58,664	0	0	2,890
Tuition and Fees	12,005	342,313	0	0
Miscellaneous	62,006	39,771	0	0
Total Revenues	4,239,825	1,313,700	0	476,164
Expenditures				
Instruction:				
Regular	263,999	79	0	1,919
Special	121,815	0	0	0
Vocational	2,032,442	190,870	0	67,873
Adult Continuing	123,552	1,060,222	0	0
Support Services:				
Pupils	259,801	87,255	0	0
Instructional Staff	129,199	48,859	0	0
Board of Education	55,968	0	0	0
Administration	488,237	14,375	0	0
Fiscal	231,091	0	0	7,404
Business	2,963	2,608	0	198,991
Operation and Maintenance of Plant	464,328	0	0	95,427
Pupil Transportation	6,697	4,381	0	3,287
Central	0	56,803	0	0
Capital Outlay	0	0	0	146,234
Debt Service:				
Principal Retirement	0	0	65,000	9,680
Interest and Fiscal Charges	0	0	25,621	3,722
Total Expenditures	4,180,092	1,465,452	90,621	534,537
Excess of Revenues Over (Under) Expenditures	59,733	(151,752)	(90,621)	(58,373)
Other Financing Sources (Uses)				
Proceeds from Sales of Fixed Assets	2,100	0	0	0
Operating Transfers In	375	26,222	90,621	0
Operating Transfers Out	(26,222)	0	0	(90,621)
Total Other Financing Sources (Uses)	(23,747)	26,222	90,621	(90,621)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	35,986	(125,530)	0	(148,994)
Fund Balance at Beginning of Year	578,942	122,551	0	173,546
Fund Balance (Deficit) at End of Year	\$ 614,928	\$ (2,979)	\$ 0	\$ 24,552

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$ 0	\$ 2,631,630
0	2,880,410
785	62,339
0	354,318
1,763	103,540
<u>2,548</u>	<u>6,032,237</u>
0	265,997
0	121,815
0	2,291,185
378	1,184,152
0	347,056
0	178,058
0	55,968
0	502,612
0	238,495
0	204,562
0	559,755
0	14,365
2,178	58,981
0	146,234
0	74,680
0	29,343
<u>2,556</u>	<u>6,273,258</u>
(8)	(241,021)
0	2,100
0	117,218
0	(116,843)
<u>0</u>	<u>2,475</u>
(8)	(238,546)
<u>15,038</u>	<u>890,077</u>
<u>\$ 15,030</u>	<u>\$ 651,531</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual - Budgetary Basis
All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,274,226	\$ 2,274,226	\$ 0
Intergovernmental	1,861,126	1,861,126	0
Investment Income	58,664	58,664	0
Tuition and Fees	12,005	12,005	0
Miscellaneous	45,191	45,191	0
Total Revenues	4,251,212	4,251,212	0
Expenditures			
Instruction			
Regular	295,140	295,140	0
Special	121,004	121,004	0
Vocational	2,007,848	2,007,848	0
Adult/Continuing	123,308	123,308	0
Support Services			
Pupils	268,063	268,063	0
Instructional Staff	127,286	127,286	0
Board of Education	56,303	56,303	0
Administration	477,849	477,849	0
Fiscal	226,884	226,884	0
Business	2,963	2,963	0
Operation and Maintenance of Plant	448,289	448,289	0
Pupil Transportation	6,700	6,700	0
Central	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	4,161,637	4,161,637	0
Excess of Revenues Over (Under) Expenditures	89,575	89,575	0
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	2,100	2,100	0
Refund of Prior Year Expenditures	19,987	19,987	0
Refund of Prior Year Receipts	0	0	0
Advances In	37,787	37,787	0
Advances Out	(48,661)	(48,661)	0
Operating Transfers In	375	375	0
Operating Transfers Out	(26,222)	(26,222)	0
Total Other Financing Sources (Uses)	(14,634)	(14,634)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	74,941	74,941	0
Fund Balance at Beginning of Year	719,514	719,514	0
Fund Balance at End of Year	\$ 794,455	\$ 794,455	\$ 0

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
965,964	965,964	0	0	0	0
0	0	0	0	0	0
331,443	331,443	0	0	0	0
39,509	39,509	0	0	0	0
<u>1,336,916</u>	<u>1,336,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
79	79	0	0	0	0
0	0	0	0	0	0
150,972	150,972	0	0	0	0
1,082,500	1,082,500	0	0	0	0
87,354	87,354	0	0	0	0
48,079	48,079	0	0	0	0
0	0	0	0	0	0
14,375	14,375	0	0	0	0
0	0	0	0	0	0
2,608	2,608	0	0	0	0
0	0	0	0	0	0
4,379	4,379	0	0	0	0
54,984	54,984	0	0	0	0
0	0	0	0	0	0
0	0	0	65,000	65,000	0
0	0	0	25,621	25,621	0
<u>1,445,330</u>	<u>1,445,330</u>	<u>0</u>	<u>90,621</u>	<u>90,621</u>	<u>0</u>
<u>(108,414)</u>	<u>(108,414)</u>	<u>0</u>	<u>(90,621)</u>	<u>(90,621)</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
(634)	(634)	0	0	0	0
48,661	48,661	0	0	0	0
(37,787)	(37,787)	0	0	0	0
26,222	26,222	0	90,621	90,621	0
0	0	0	0	0	0
<u>36,462</u>	<u>36,462</u>	<u>0</u>	<u>90,621</u>	<u>90,621</u>	<u>0</u>
(71,952)	(71,952)	0	0	0	0
172,475	172,475	0	0	0	0
<u>\$ 100,523</u>	<u>\$ 100,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Budgetary Basis*
All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 390,636	\$ 390,636	\$ 0
Intergovernmental	87,668	87,668	0
Investment Income	2,890	2,890	0
Tuition and Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	481,194	481,194	0
Expenditures			
Instruction			
Regular	1,919	1,919	0
Special	0	0	0
Vocational	67,873	67,873	0
Adult/continuing	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	7,404	7,404	0
Business	205,547	205,547	0
Operation and Maintenance of Plant	110,852	110,852	0
Pupil Transportation	3,287	3,287	0
Central	0	0	0
Capital Outlay	87,028	87,028	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	483,910	483,910	0
Excess of Revenues Over (Under) Expenditures	(2,716)	(2,716)	0
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(90,621)	(90,621)	0
Total Other Financing Sources (Uses)	(90,621)	(90,621)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(93,337)	(93,337)	0
Fund Balance at Beginning of Year	124,054	124,054	0
Fund Balance at End of Year	\$ 30,717	\$ 30,717	\$ 0

The accompanying notes are an integral part of these financial statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 2,664,862	\$ 2,664,862	\$ 0
0	0	0	2,914,758	2,914,758	0
785	785	0	62,339	62,339	0
0	0	0	343,448	343,448	0
1,538	1,538	0	86,238	86,238	0
<u>2,323</u>	<u>2,323</u>	<u>0</u>	<u>6,071,645</u>	<u>6,071,645</u>	<u>0</u>
0	0	0	297,138	297,138	0
0	0	0	121,004	121,004	0
0	0	0	2,226,693	2,226,693	0
378	378	0	1,206,186	1,206,186	0
0	0	0	355,417	355,417	0
0	0	0	175,365	175,365	0
0	0	0	56,303	56,303	0
0	0	0	492,224	492,224	0
0	0	0	234,288	234,288	0
0	0	0	211,118	211,118	0
0	0	0	559,141	559,141	0
0	0	0	14,366	14,366	0
2,178	2,178	0	57,162	57,162	0
0	0	0	87,028	87,028	0
0	0	0	65,000	65,000	0
0	0	0	25,621	25,621	0
<u>2,556</u>	<u>2,556</u>	<u>0</u>	<u>6,184,054</u>	<u>6,184,054</u>	<u>0</u>
<u>(233)</u>	<u>(233)</u>	<u>0</u>	<u>(112,409)</u>	<u>(112,409)</u>	<u>0</u>
0	0	0	2,100	2,100	0
133	133	0	20,120	20,120	0
0	0	0	(634)	(634)	0
0	0	0	86,448	86,448	0
0	0	0	(86,448)	(86,448)	0
0	0	0	117,218	117,218	0
0	0	0	(116,843)	(116,843)	0
<u>133</u>	<u>133</u>	<u>0</u>	<u>21,961</u>	<u>21,961</u>	<u>0</u>
(100)	(100)	0	(90,448)	(90,448)	0
<u>14,749</u>	<u>14,749</u>	<u>0</u>	<u>1,030,792</u>	<u>1,030,792</u>	<u>0</u>
<u>\$ 14,649</u>	<u>\$ 14,649</u>	<u>\$ 0</u>	<u>\$ 940,344</u>	<u>\$ 940,344</u>	<u>\$ 0</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Revenues,
Expenses, and Changes in Fund Equity

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues</u>				
Sales	\$ 56,057	\$ 0	\$ 0	\$ 56,057
Charges for Services	0	643,263	0	643,263
Investment Income	0	0	773	773
Classroom Materials and Fees	37,867	0	0	37,867
Donations	0	0	200	200
Total Operating Revenues	93,924	643,263	973	738,160
<u>Operating Expenses</u>				
Salaries	25,358	0	0	25,358
Fringe Benefits	15,134	0	0	15,134
Purchased Services	655	85,157	0	85,812
Materials and Supplies	72,308	0	0	72,308
Depreciation	456	0	0	456
Claims	0	849,300	0	849,300
Other	95	0	600	695
Total Operating Expenses	114,006	934,457	600	1,049,063
Operating Income (Loss)	(20,082)	(291,194)	373	(310,903)
<u>Non-Operating Revenues (Expenses)</u>				
Operating Grants	13,585	0	0	13,585
Donated Commodities Revenue	7,529	0	0	7,529
Loss on Disposal of Fixed Assets	(1,004)	0	0	(1,004)
Investment Income	571	4,503	0	5,074
Total Non-Operating Revenues (Expenses)	20,681	4,503	0	25,184
Net Income (Loss)	599	(286,691)	373	(285,719)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	24,285	(52,015)	13,672	(14,058)
Retained Earnings (Deficit)/Fund Balance at End of Year	24,884	(338,706)	14,045	(299,777)
Contributed Capital End of Year	146	0	0	146
Fund Equity at End of Year	\$ 25,030	\$ (338,706)	\$ 14,045	\$ (299,631)

The accompanying notes are an integral part of these financial statements.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2000

	Proprietary Fund Types			Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 55,005	\$ 642,234	\$ 0	\$ 697,239
Interest Income	0	0	773	773
Cash Received from Classroom Materials and Fees	37,867	0	0	37,867
Cash Received from Donations	0	0	200	200
Cash Paid for Goods and Services	(65,007)	(85,157)	0	(150,164)
Cash Paid to Employees	(25,534)	0	0	(25,534)
Cash Paid for Employee Benefits	(13,546)	0	0	(13,546)
Cash Paid for Other Operating Activities	0	0	(600)	(600)
Cash Paid for Claims	0	(591,874)	0	(591,874)
Net Cash Provided by (Used For) Operating Activities	(11,215)	(34,797)	373	(45,639)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Grants	15,042	0	0	15,042
<u>Cash Flows From Investing Activities</u>				
Interest Income	571	4,503	0	5,074
<u>Cash Flows From Financing Activities</u>				
Advance from General Fund	0	2,824	0	2,824
Net Increase (Decrease) in Cash and Cash Equivalents	4,398	(27,470)	373	(22,699)
Cash and Cash Equivalents at Beginning of Year	19,474	27,470	13,672	60,616
Cash and Cash Equivalents at End of Year	\$ 23,872	\$ 0	\$ 14,045	\$ 37,917
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (20,082)	\$ (291,194)	\$ 373	\$ (310,903)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>				
Depreciation	456	0	0	456
Non-cash Donated Commodities	7,529	0	0	7,529
(Increase) in Accounts Receivable	(1,052)	0	0	(1,052)
(Increase) in Prepaid Items	(97)	0	0	(97)
Decrease in Materials and Supplies	40	0	0	40
Decrease in Inventory	2,016	0	0	2,016
(Decrease) in Accrued Wages and Benefits	(102)	0	0	(102)
Increase in Compensated Absences Payable	693	0	0	693
Increase in Intergovernmental Payable	918	0	0	918
(Decrease) in Deferred Revenue	(1,534)	(1,029)	0	(2,563)
Increase in Claims Payable	0	257,426	0	257,426
Total Adjustments	8,867	256,397	0	265,264
Net Cash Provided by (Used For) Operating Activities	\$ (11,215)	\$ (34,797)	\$ 373	\$ (45,639)
<u>Reconciliation of Cash and Cash Equivalents to the Balance Sheet</u>				
Agency Fund	\$ 17,292			
Expendable Trust	14,649			
Nonexpendable Trust	14,045			
Total Cash and Cash Equivalents for Trust and Agency	\$ 45,986			

The accompanying notes are an integral part of these financial statements.

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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Description of the Entity

The Ashland County-West Holmes Joint Vocational School District, Ashland County, (the "District") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District, as defined by Section 3311.18 of the Ohio Revised Code, is responsible for providing public education to residents of the member districts. The District is directed by an appointed nine-member Board of Education appointed by participating school districts. Average daily membership on June 30, 2000 was 350. The District employs 69 certificated and 24 non-certificated employees.

The financial statements of the 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 entity for establishing governmental accounting and financial reporting principles.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities. The District has no component units.

The District is involved in a self-insurance trust with three other school districts. The trust is written so a district that withdraws from the plan receives the assets of the plan that were contributed by the district and not paid in benefits. The insurance fund will be included on the GAAP financial statements as an internal service fund. This treatment is consistent with the treatment at the other districts involved.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Several funds are reclassified for GAAP presentation. The adult education funds (012) are classified as enterprise funds for State of Ohio cash basis financial statements. However, these funds are educational funds, not funds designed to have a profit motivation. They are classified as special revenue funds for GAAP.

Many of the educational programs operated by the District provide some services to the general public. These services are not provided to generate profit for the District, but to teach the students to deal with the public while they learn. These funds (011) are classified within general fund for GAAP.

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days after year end. Generally, property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Proprietary Funds.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 proprietary or nonexpendable trust funds.

Proprietary Fund Types

Proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund types:

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

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

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable Trust Fund - The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund types, using the same measurement focus and basis of accounting. The principal of the trust is restricted while the income can be used for the purpose defined in the trust agreement.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Account Groups

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

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

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

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2000, investments were limited to repurchase agreements and the State Treasury Asset Reserve (STAROhio). Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earning. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$58,664, which includes \$12,988 assigned from other District funds.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.

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

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook/instruction materials reserve, and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2000, the District set aside the amounts required by state statute. Fund balance reserves have also been established.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible. No allowances are provided within the financial statements.

F. Estimates

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Assets/Liabilities

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

H. Inventory

Inventories of proprietary funds are stated at cost and consist of donated food and purchased food held for resale and are expensed when used. Cost is determined on a first-in, first-out basis.

I. Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Fixed Assets and Depreciation

Fixed assets used in governmental fund types are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$300.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. 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. The difference between reported operating transfers-in over transfers-out is \$375, which represents the amount transferred from an Agency Fund to the General Fund.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary fund types is reflected as a liability in the respective funds. The current portion of unpaid compensated absences related to governmental fund type operations is reflected in the respective fund. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligation account group.

N. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, contributions to the nonexpendable trust funds that must be kept intact and HB412 reserves such as budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for endowment consists of the principal within the nonexpendable trust fund which cannot be expended.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, 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 District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund:

State Foundation Program
State Property Tax Relief
Adult Basic Literary Education

Agency Fund:

Pell Grant

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds:

Education Management Information Systems
Eisenhower Grant
Vocational Education
Title VI
Job Training Partnership Act
Professional Development
SchoolNet
Career Education
Teacher Development
School-to-Work Grant

Reimbursable Grants

Enterprise Funds:

National School Lunch Program
Government Donated Commodities
National School Breakfast Program
Child Care Food Program

Grants and entitlements amounted to approximately 43% of the District's operating revenue during the 2000 fiscal year.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3: BUDGETARY PROCESS

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Ashland County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3: BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

Total fund appropriations may be modified during the year by a resolution of the Board of Education. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund" represent the final appropriation amounts.

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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 3: BUDGETARY PROCESS (Continued)

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the GAAP basis, the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures
 and Other Financing Uses Reconciliation of Budget Basis to GAAP Basis

Governmental and Expendable Trust Funds:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budgetary Basis	\$ 74,941	\$ (71,952)	\$ (93,337)	\$ (100)
Adjustments:				
Revenue accruals	(69,161)	(71,877)	(5,030)	92
Expenditure accruals	30,206	18,299	(54,027)	0
Encumbrances	0	0	3,400	0
GAAP Basis	\$ 35,986	\$ (125,530)	\$ (148,994)	\$ (8)

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4: ACCOUNTABILITY

At June 30, 2000, the Special Revenue Fund and the Self-Insurance Fund had deficit fund equity and retained earnings balances of \$2,979 and \$338,706, respectively. These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5: CASH AND CASH EQUIVALENTS

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

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

Inactive deposits are public deposits 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 or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: CASH AND CASH EQUIVALENTS (Continued)

- 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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any 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; and
- 6) The State Treasurer's Investment Pool (STAR Ohio).

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

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

Deposits

At year-end, the carrying amount of the District's deposits was \$(31,051) and the bank balance was \$93,175. The bank balance was entirely covered by federal depository insurance.

Funds Held by Fiscal Agent

The District participates in the Tri-County Joint Self-Insurance Association for employee benefits. At June 30, 2000, there was a deficit balance of \$2,824 with the Joint Self-Insurance Association. All benefit deposits are made to the association's depository account. Collateral is held by a qualified third-party trustee in the name of the association.

Investments

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 5: CASH AND CASH EQUIVALENTS (Continued)

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$ 90,653	\$ 90,653	\$ 90,653
STAROhio	0	943,083	943,083
	<u>\$ 90,653</u>	<u>\$ 1,033,736</u>	<u>\$ 1,033,736</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 1,002,685	\$ 0
Investments:		
Repurchase Agreement	(90,653)	90,653
STAROhio	(943,083)	943,083
GASB Statement No. 3	<u>\$ (31,051)</u>	<u>\$ 1,033,736</u>

NOTE 6: FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Land	\$ 136,198	\$ 0	\$ 0	\$ 136,198
Buildings and improvements	5,628,110	0	0	5,628,110
Furniture and equipment	2,264,857	234,115	(498,684)	2,000,288
Vehicles	34,995	0	(6,875)	28,120
Books	316,795	0	0	316,795
Construction in process	0	56,546	0	56,546
Total	<u>\$ 8,380,955</u>	<u>\$ 290,661</u>	<u>\$ (505,559)</u>	<u>\$ 8,166,057</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 6: FIXED ASSETS AND ACCUMULATED DEPRECIATION (Continued)

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 2000</u>
Equipment	\$ 56,171
Less: Accumulated depreciation	<u>(47,227)</u>
Net fixed assets	<u>\$ 8,944</u>

NOTE 7: LONG-TERM OBLIGATIONS

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

	<u>Outstanding June 30, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2000</u>
General Obligation				
Bonds, 5.15% interest rate, due 1/01/06	\$ 530,000	\$ 0	\$ (65,000)	\$ 465,000
Capital lease payable	25,862	49,664	(27,683)	47,843
Compensated absences	385,316	18,000	0	403,316
Intergovernmental payable	<u>4,017</u>	<u>4,136</u>	<u>0</u>	<u>8,153</u>
	<u>\$ 945,195</u>	<u>\$ 71,800</u>	<u>\$ (92,683)</u>	<u>\$ 924,312</u>

Outstanding general obligation bonds consist of school building construction issues. Such bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property. Proceeds from the bonds were used for energy conservation improvements to the school buildings.

No new debt was issued in 2000.

The annual requirement to amortize all bonds outstanding as of June 30, 2000, including interest payments of \$75,061 are as follows:

Year Ending June 30,	2001	\$	81,974
	2002		90,342
	2003		91,738
	2004		92,875
	2005		93,755
	Thereafter		<u>89,377</u>
	Total	\$	<u>540,061</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 8: CAPITAL LEASES

The District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

General fixed assets, consisting of equipment and furniture and fixtures, have been capitalized in the general fixed assets account group in the amount of \$59,231. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$9,680 in the governmental funds.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000:

		<u>General Long-Term Obligations Account Group</u>
Year ending June 30,	2001	\$ 14,548
	2002	14,549
	2003	12,414
	2004	12,221
	2005	<u>2,904</u>
Minimum lease payments		56,636
Less: Amount representing interest at the District's incremental borrowing rate of interest		<u>8,793</u>
Present value of minimum lease payments		<u>\$ 47,843</u>

NOTE 9: CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2000 are summarized by source as follows:

	<u>Food Service</u>
Contributed capital, July 1, 1999	\$ 0
Current contributions	<u>146</u>
Contributed capital, June 30, 2000	<u>\$ 146</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 10: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Ashland County Auditor is responsible for assessing and remitting these property taxes to the District.

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% 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% of the true value (with certain exceptions) and on real property at 35% 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% of true value.

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

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

The District receives property taxes from Ashland, Holmes, Wayne, Richland, Knox, Lorain and Coshocton Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1999 was \$4.10 per \$1,000 of valuation.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 10: PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2000, was \$299,901.

There were no new levies passed during the current fiscal year. The assessed values upon which fiscal year 2000 taxes were collected are:

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 722,843,160	63%	\$ 814,991,920	65%
Commercial Industrial	143,697,880	12	147,238,360	12
Public Utility	4,444,300	1	3,677,130	1
Tangible Personal Property	<u>271,640,981</u>	<u>24</u>	<u>274,606,217</u>	<u>22</u>
Total Assessed Value	<u>\$ 1,142,626,321</u>	<u>100%</u>	<u>\$ 1,240,513,627</u>	<u>100%</u>

NOTE 11: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

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

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. For fiscal year 2000, 7.7% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$68,179, \$66,235 and \$68,159, respectively. The District has contributed 100% for all fiscal years.

B. State Teachers Retirement System (STRS)

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 6.0% was the portion used to fund pension obligations. Prior to July 1, 1999, the portion used to fund pension obligations was 10.5%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$453,503, \$411,582 and \$391,092, respectively; 100% has been contributed for each fiscal 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, 2000, a portion of the members of the Board of Education have elected social security, and some have chosen the SERS/STRS system. The Board's liability is 6.2% of wages paid.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12: POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 1999, the Board allocated employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$248,859 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll, an increase from 4.98% for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14% 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 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188 million. SERS had approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$41,522 during the 2000 fiscal year.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 13: NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$7,529.

NOTE 14: INTERFUND ACTIVITY

At June 30, 2000 receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 51,485	\$ 0
Special Revenue Funds:		
Career Education	0	6,007
Adult Education	0	3,000
Appalachia Grant	0	2,972
Vocational Education Plan Development	0	36,682
Internal Service Fund	<u>0</u>	<u>2,824</u>
Total all funds	<u>\$ 51,485</u>	<u>\$ 51,485</u>

NOTE 15: STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000 the reserve activity (GAAP basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-Aside Cash Balance 7/1/1999	\$ 0	\$ 0	\$ 62,917	\$ 62,917
Current Year Set-Aside Required	113,415	113,415	37,805	264,635
Current Year Offset Credits	(195,318)	(195,318)	0	(390,636)
Qualifying Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ (81,903)</u>	<u>\$ (81,903)</u>	<u>\$ 100,722</u>	<u>\$ (63,084)</u>
Cash Balance Carried Forward to Fiscal Year 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,722</u>	
Total Restricted Assets				<u>\$ 100,722</u>

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 15: STATUTORY RESERVES

Although the District had offsets during the year that reduced the set-aside amounts below zero, the District has elected not to carry these amounts over to future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 16: SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of Food Service and Uniform School Supplies. Segment information related to these follows:

	Food Services	Uniform School Supplies	Total Enterprise Funds
Operating revenues	\$ 56,057	\$ 37,867	\$ 93,924
Operating expenses, less depreciation	77,203	36,347	113,550
Depreciation expense	456	0	456
Operating income (loss)	(21,602)	1,520	(20,082)
Donated commodities	7,529	0	7,529
Nonoperating grants	13,585	0	13,585
Net income (loss)	(921)	1,520	599
Net working capital	6,162	14,712	20,874
Total assets	22,477	14,712	37,189
Total equity	10,318	14,712	25,030

NOTE 17: RISK MANAGEMENT

A. General Insurance

The 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. The District has a comprehensive property and casualty policy with a deductible of \$500 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$16,553,700. The District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision deductible. All board members, administrators, and employees are covered under a school district liability policy.

Additionally, the District carries a \$5,000,000 Educational Liability Policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 17: RISK MANAGEMENT (Continued)

B. Fidelity Bond

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. The District's Cashier has a bond in the amount of \$20,000. In addition, the District is covered by a blanket Public Employee Dishonesty Policy in the amount of \$200,000.

C. Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts. The purchasing pool is administered by The Gates McDonald Co.

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee. The liability for unpaid claims cost of \$157,393 is reported in the Internal Service Fund at June 30, 2000 in accordance with Governmental Accounting Standards Board Statement No. 10. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

Changes in the fund's claim liability for 1999 and 2000 are listed below.

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2000	\$ 32,592	\$ 849,300	\$ 591,874	\$ 290,018
1999	\$ 85,941	\$ 392,114	\$ 445,463	\$ 32,592

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS

A. Tri-County Joint Self Insurance Association (the "Pool")

The District is a member of the Tri-County Joint Self-Insurance Association (the "Pool"), which provides medical, hospitalization, dental, prescription drug, vision, life and/or disability coverage to eligible employees under the program. Under the agreement, the risk of loss does not transfer to the Pool and each members' share of the Pool is accounted for separately. The Pool may assess supplemental premiums. Financial information can be obtained by contacting the Treasurer at the Tri-County Educational Service Center, which is located in Wooster, Ohio.

B. Tri-County Computer Service Association (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Midland Council of Governments, which serves as fiscal agent, located in Wooster, Ohio.

NOTE 19: CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2000.

Litigation

The District is not currently a party to any legal proceedings.

ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20: SCHOOL FUNDING ISSUE

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 Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$1,743,666 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, ". . . the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven ". . . major areas warranting further attention, study, and development by the General Assembly . . .", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

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**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL
ASHLAND COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture (Passed through the Ohio Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	Not Available	10.550		\$5,341		\$6,875
School Breakfast Program	05-PU 0000 1999	10.553	\$92		\$92	
National School Lunch Program	03-PU 0000 1999	10.555	972		972	
	03-PU 0000 2000		3,106		3,106	
	04-PU 0000 1999		2,119		2,119	
	04-PU 0000 2000		8,038		8,038	
Total National School Lunch Program		14,235		14,235		
Total Child Nutrition Cluster/U.S. Department of Agriculture			14,327	5,341	14,327	6,875
U.S. Department of Labor (Passed through the Ehove Career Center)						
Employment Services and Job Training - Pilot and Demonstration Programs	N/A	17.249	3,938		8,938	
U.S. Department of Education (Direct Program)						
Federal Pell Grant Program		84.063	66,466		66,466	
(Passed through the Ohio Department of Education)						
Adult Education - State Grant Programs	AB-S1 2000	84.002	35,238		35,238	
Vocational Education - Basic Grants to States	20-C1 0000 1999	84.048	22,634		22,634	
	20-C1 0000 2000		145,206		145,206	
	20-C2 0000 1999		6,372		6,372	
	20-C2 0000 2000		62,658		62,658	
Total Vocational Education - Basic Grants to States			236,870		236,870	
Innovative Education Program Strategies	C2 S1 1998C	84.298	(41)		298	
	C2 S1 1999C		218		218	
	C2 S1 2000C		1,767		1,088	
			1,944		1,604	
Total Innovative Education Program Strategies			340,518		340,178	
Total U.S. Department of Education			340,518		340,178	
Total Federal Assistance			\$358,783	\$5,341	\$363,443	\$6,875

The notes to the Schedule of Receipts and Expenditures of Federal Awards are an integral part of this statement.

**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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*

Ashland County - West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

We have audited the general purpose financial statements of the Ashland County - West Holmes Joint Vocational School District, Ashland County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter date December 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-10503-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Ashland County - West Holmes Joint Vocational School District
Ashland County
Report of Independent Accountants on Compliance and on Internal Control
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We also noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 1, 2000.

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

Jim Petro
Auditor of State

December 1, 2000



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

Ashland County - West Holmes Joint Vocational School District
Ashland County
1783 State Route 60
Ashland, Ohio 44805

To the Board of Education:

Compliance

We have audited the compliance of the Ashland County - West Holmes Joint Vocational School District, Ashland County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

Ashland County - West Holmes Joint Vocational School District
Ashland County
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
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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 the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 1, 2000

**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States CFDA No. 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?	No

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

Reportable Condition

Finding # 2000-10503-001

Annual appropriations as approved by the Board of Education were not input in the District's computer system for the following funds tested:

Special Revenue Fund Type

Principal's Fund
Richland/Bucyrus Foundation Fund

Capital Project Fund Type

Vocational Educational Equipment Fund

Enterprise Fund Type

Food Service Fund
Uniform Supply Fund
Adult Education Fund
Customer Services Fund

Also, estimated resources as certified by the budget commission did not agree to the amounts that were input into the District's computer system at year-end for the General Fund, Special Revenue Title VI Fund, Capital Projects Permanent Improvement Fund, and the Enterprise Food Service Fund.

As a result the Board of Education does not receive complete budget and actual receipt information and is not able to monitor actual revenue and expenditures in these funds compared to estimates reflected on the Official Certificate of Estimated Resources and the Appropriations Resolution.

The Treasurer should input the estimated resources and annual appropriations into the proper line item accounts on the budgetary system once they have been approved by the Board of Education and certified by the Budget Commission. Monthly comparisons of budgeted and actual revenue for all funds should be presented to the Board of Education to allow for monitoring of fiscal operations of the District. The Board of Education should review these reports for significant variances from expectations and those variances should be investigated.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**ASHLAND COUNTY - WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
GAGAS
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-10503-001	Estimated Resources as certified by the Budget Commission were not input into the computer system	No	Partially Corrected - Amounts per the computer system do not agree to amounts certified for certain funds.



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ASHLAND COUNTY-WEST HOLMES JOINT VOCATIONAL SCHOOL DISTRICT

ASHLAND 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 09, 2001**