



**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

We have audited the accompanying financial statements of the Licking County Joint Vocational School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and combined fund cash balances of the Licking County Joint Vocational School District as of June 30, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and combined budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2001, 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.

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

This report is intended solely for the information and use of management, the Board of Education, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

September 10, 2001

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

COMBINED STATEMENT OF CASH AND FUND CASH BALANCES-
ALL FUND TYPES
AS OF JUNE 30, 2001

Cash	<u><u>\$5,955,234</u></u>
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CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$3,844,279
Special Revenue Funds	121,048
Capital Project Funds	944,436
Proprietary Funds:	
Enterprise Funds	186,503
Internal Service Fund	657
Fiduciary Funds:	
Expendable Trust Funds	70,378
Agency Funds	<u>787,933</u>
Total	<u><u>\$5,955,234</u></u>

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			Fiduciary Fund Type	(Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Total
Receipts:					
Receipts from Local Sources					
Taxes	\$4,551,567	\$0	\$0	\$0	\$4,551,567
Tuition	4,655	0	0	0	4,655
Earnings on Investments	284,783	0	63,385	2,559	350,727
Extracurricular Activities	0	31,512	0	0	31,512
Classroom Materials and Fees	10,418	0	0	0	10,418
Miscellaneous	96,453	28,602	0	16,337	141,392
Receipts from State Sources					
Unrestricted Grants in Aid	3,196,582	82,676	0	0	3,279,258
Restricted Grants in Aid	64,845	144,071	76,468	0	285,384
Receipts from Federal Sources					
Restricted Grants in Aid	0	540,694	1,490	0	542,184
Total Receipts	8,209,303	827,555	141,343	18,896	9,197,097
Disbursements:					
Instruction					
Regular	962,679	0	0	0	962,679
Vocational Education	2,518,798	108,348	258,197	0	2,885,343
Adult/Continuing	77,297	254,954	0	1,200	333,451
Support Services					
Pupils	534,554	193,875	0	0	728,429
Instructional Staff	597,908	190,709	937	0	789,554
Board of Education	25,282	0	0	0	25,282
Administration	565,979	16,964	0	0	582,943
Fiscal Services	374,119	2,656	0	0	376,775
Business	27,408	0	0	2,930	30,338
Operation and Maintenance-Plant	834,541	0	0	0	834,541
Pupil Transportation	23,102	0	0	0	23,102
Central	105,927	125,229	9,944	8,192	249,292
Operation of Non-Instructional Services					
Enterprise Operations	125	0	0	0	125
Other Operations of Non-Instructional Services	0	0	0	1,400	1,400
Extracurricular Activities					
Academic & Subject Oriented Activities	40,898	5,686	0	0	46,584
Co-Curricular Activities	0	26,180	0	0	26,180
Facilities Acquisition and Construction Services					
Site Improvement	3,528	0	39,536	0	43,064
Building Acquisition and Construction	0	0	24,287	0	24,287
Building Improvement	0	0	39,111	0	39,111
Other Facilities Acquisition and Construction	0	0	20,480	0	20,480
Debt Service					
Repayment of Debt	129,593	0	13,600	0	143,193
Total Disbursements	6,821,738	924,601	406,092	13,722	8,166,153
Excess of Receipts Over/(Under) Disbursements	1,387,565	(97,046)	(264,749)	5,174	1,030,944
Other Financing Sources/(Uses):					
Sale and Loss of Assets	16,800	0	0	0	16,800
Transfers-In	0	543	78,234	0	78,777
Refund of Prior Year Disbursements	26,472	0	0	0	26,472
Transfers-Out	(98,777)	0	0	0	(98,777)
Advances-Out	0	0	0	0	0
Total Other Financing Sources/(Uses)	(55,505)	543	78,234	0	23,272
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	1,332,060	(96,503)	(186,515)	5,174	1,054,216
Beginning Fund Balance	2,512,219	217,551	1,130,951	65,204	3,925,925
Ending Fund Balance	\$3,844,279	\$121,048	\$944,436	\$70,378	\$4,980,141
Reserved for Encumbrances	\$139,836	\$198,759	\$17,336	\$400	\$356,331

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types		Fiduciary Fund Type	(Memorandum Only)
	Enterprise	Internal Service	Agency	Total
Operating Receipts:				
Tuition	\$669,641	\$0	\$0	\$669,641
Charge for Services	98,382	0	1,371,487	1,469,869
Food Services	166,584	0	0	166,584
Extracurricular Activities	0	0	75,522	75,522
Classroom Materials and Fees	158,545	0	0	158,545
Total Operating Receipts	1,093,152	0	1,447,009	2,540,161
Operating Disbursements:				
Personal Services - Salaries	842,509	0	493,076	1,335,585
Employees' Retirement and Insurance	235,257	0	193,621	428,878
Purchased Services	99,618	0	703,168	802,786
Supplies and Materials	386,870	0	139,637	526,507
Capital Outlay	34,612	0	527,784	562,396
Other Objects	3,592	0	22,189	25,781
Total Operating Disbursements	1,602,458	0	2,079,475	3,681,933
Excess of Operating Receipts Over/(Under) Operating Disbursements	(509,306)	0	(632,466)	(1,141,772)
Non-Operating Receipts:				
Intermediate Sources				
Unrestricted Grants in Aid	15,850	0	0	15,850
State Sources				
Unrestricted Grants in Aid	377,698	0	0	377,698
Restricted Grants in Aid	0	0	1,092,850	1,092,850
Federal Sources				
Unrestricted Grants in Aid	63,295	0	0	63,295
Restricted Grants in Aid	0	0	45,150	45,150
Total Non-Operating Receipts	456,843	0	1,138,000	1,594,843
Non-Operating Disbursements:				
Pass-through	0	0	175,460	175,460
Total Non-Operating Disbursements	0	0	175,460	175,460
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(52,463)	0	330,074	277,611
Operating Transfers-In	20,000	0	0	20,000
Net Excess of Receipts Over/(Under) Disbursements	(32,463)	0	330,074	297,611
Beginning Fund Balance	218,966	657	457,859	677,482
Ending Fund Balance	\$186,503	\$657	\$787,933	\$975,093
Reserved for Encumbrances	\$24,391	\$0	\$476,739	\$501,130

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$7,955,195	\$8,252,575	\$297,380
Special Revenue	1,372,370	828,098	(544,272)
Capital Projects	312,280	219,577	(92,703)
Proprietary			
Enterprise	1,893,938	1,569,995	(323,943)
Internal Service	0	0	0
Fiduciary			
Expendable Trust	<u>83,800</u>	<u>18,896</u>	<u>(64,904)</u>
Total (Memorandum Only)	<u><u>\$11,617,583</u></u>	<u><u>\$10,889,141</u></u>	<u><u>(\$728,442)</u></u>

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Fund Types/Funds	Prior Year Carryover Appropriations	Fiscal Year Appropriations	Total	Fiscal Year Disbursements	Encumbrances Outstanding At 06/30/01	Total	Variance Favorable (Unfavorable)
Governmental							
General	\$163,473	\$7,735,361	\$7,898,834	\$6,920,515	\$139,836	\$7,060,351	\$838,483
Special Revenue	197,865	2,360,834	2,558,699	924,601	198,760	1,123,361	1,435,338
Capital Projects	188,700	736,682	925,382	406,092	17,336	423,428	501,954
Proprietary							
Enterprise	20,923	1,931,284	1,952,207	1,602,458	24,391	1,626,849	325,358
Internal Service	0	0	0	0	0	0	0
Fiduciary							
Expendable Trust	300	15,997	16,297	13,722	400	14,122	2,175
Total (Memorandum Only)	<u>\$571,261</u>	<u>\$12,780,158</u>	<u>\$13,351,419</u>	<u>\$9,867,388</u>	<u>\$380,723</u>	<u>\$10,248,111</u>	<u>\$3,103,308</u>

The notes to the financial statements are an integral part of this statement.

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**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of The Entity

The Licking County Joint Vocational School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is defined under Section 3311.18, Revised Code. The District operates under the direction of a seven member elected Board of Education and is responsible for the provisions of public education to residents of the District.

In addition to the authority statutorily provided to the District, by agreement the Treasurer of the District serves as fiscal agent for the Licking Area Computer Association (LACA), which is considered part of the District. Accordingly, the financial activity for LACA is reflected in the Agency Fund Type. See Note 7.

Average daily membership (ADM) as of June 30, 2001, was 629. The District employed 83 certificated employees and 31 non-certificated employees.

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

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Fund Accounting

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Enterprise Funds

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

Internal Service Fund

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

Expendable Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other funds and/or governmental units.

D. Budgetary Process

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

Estimated Resources

The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations. The District did not certify its unencumbered balances to the budget commission until June 29, 2001. The Budgeted receipts in the financial statements reflect estimated receipts filed on June 29, 2001.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The District did not pass the permanent appropriation measure until June 26, 2001 and expenditures exceeded appropriations in all funds as of June 25, 2001. Total appropriations as reflected in the financial statements represent appropriations passed by the Board on June 26, 2001.

Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Since fiscal 2001 appropriations were not passed by the Board until June 26, 2001, the District could not encumber or reserve all commitments against appropriations required by Ohio law during the fiscal year.

E. Property, Plant And Equipment

Fixed assets acquired or constructed for the District are recorded as disbursements. Depreciation is not recorded for these fixed assets.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Accumulated Unpaid Vacation, Sick Leave, And Personal Leave

Accumulated unpaid vacation leave, sick leave, and personal leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practical to determine the actuarial value of these benefits as of June 30, 2001.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH

The District maintains a cash pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash and Fund Cash Balances" as "Cash Balances by Fund Type."

State law requires the classification of moneys held by the District into three categories:

Category 1 consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such moneys must be maintained either as cash in the District's treasury or in depository accounts payable or able to be withdrawn on demand, negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

Category 2 consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be held in deposits or investments maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" moneys, those moneys which are redeemable within two years from the date of purchase, not to exceed the end of the current period of depositories. Interim moneys may be invested or deposited, pursuant to Section 135.14 and 135.45, Revised Code, in the following securities:

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

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

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

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

During the year, the District's investments were limited to repurchase agreements.

Deposits At fiscal year-end, the carrying amount of the District's deposits was \$5,955,234 and the bank balance of \$6,592,825 was fully insured by federal depository insurance (FDIC) or collateralized with securities held by the pledging institution or its trust department or agent but not in the District's name.

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised values. The county auditors reappraise all real property every six years with a triennial update. The last reappraisal was complete for Licking County in tax year 1999.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. PROPERTY TAX (Continued)

Real property taxes become a lien on all non-exempt real property located in the counties on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax year 2000 were \$2.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$2.00 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, 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 tax year 2001 \$2.00 per \$1,000 of assessed valuation.

Real Property - 2000 Valuation

Residential/Agricultural	\$1,793,389,360
Commercial/Industrial	397,816,860
Minerals	1,310,670
P.U. Real Property	707,110

Tangible Personal Property - 2000 Valuation

General	246,452,945
Public Utilities	154,998,120
Total Valuation	<u>\$2,594,675,065</u>

The County Treasurers collects property tax on behalf of all taxing districts within the county. The County Auditors periodically remits to the taxing districts their portion of the taxes collected.

4. DEBT

Energy Conservation Notes - On October 15, 1999, the District issued \$1,110,375 in un-voted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2009 and with an interest rate of 5.24 percent.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. DEBT (Continued)

Principal and interest requirements to retire the notes outstanding at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$91,870	\$51,202	\$143,072
2003	96,684	46,262	142,946
2004	101,750	41,063	142,813
2005	107,082	35,592	142,674
2006	112,693	29,834	142,527
2007-2010	513,000	55,478	568,478
Total	<u>\$1,023,079</u>	<u>\$259,431</u>	<u>\$1,282,510</u>

5. RISK MANAGEMENT

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. During fiscal year ending June 30, 2001, the District contracted with various insurance companies for property and general liability insurance, including criminal, mechanical, electrical and pressure equipment, inland marine, and fleet coverage.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 salaries. This rate is calculated based on accident history and administrative costs.

6. RETIREMENT SYSTEMS

State Teachers Retirement System of Ohio

The State Teachers Retirement System of Ohio (STRS) is a state operated, cost-sharing, multiple-employer public employee retirement system. Full-time certified teachers of the Licking County Joint Vocational School District belong to STRS. Teachers who are retained on personal service contracts do not participate. STRS provides retirement benefits to vested employees who are eligible to retire based upon years of service. STRS also provides survivor and disability benefits to vested employees.

Employees contribute 9.30% of gross pay. The employer matching share is 14.0% of gross pay. The pension contribution for the District for the fiscal year ended June 30, 2001, was \$1,050,194, which consisted of \$418,139 from employees and \$632,055 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

School Employees Retirement System of Ohio

The School Employees Retirement System of Ohio (SERS) is a state operated, cost-sharing, multiple-employer public employee retirement system. Full-time permanent, non-certified employees of the Licking County Joint Vocational School District belong to SERS. SERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. SERS also provides survivor and disability benefits to vested employees.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

School Employees Retirement System of Ohio (Continued)

Employees contribute 9.0% of gross pay. The employer matching share is 14.0% of gross pay. The pension contribution for the District for the fiscal year ended June 30, 2001, was \$358,454, which consisted of \$140,263 from employees and \$218,191 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

7. JOINT VENTURE

The District is a participant among thirteen schools in a joint venture to operate the Licking Area Computer Association (LACA). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. LACA is governed by a board of directors consisting of one superintendent or his/her designee from each of the participating members. The district has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions and likewise shall participate in proceeds from sale of assets upon liquidation. LACA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future.

The Licking County Joint Vocational School District is the fiscal agent for LACA. Financial statements for LACA can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

8. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is considered constitutional, including:

- A change in the school districts that are used as the basis for the determining the base cost support amount. Any change in the amount of funds the distributed to school districts as a result of this change must be retroactive to July , 2001, although a time line for the distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general it is expected that the decision would result in an increase in State funding for most Ohio School Districts. However, as of September 10, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify parts of the decision changing the school districts that are used as a basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

9. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set aside Cash Balance as of June 30, 2000	(\$35,326)	\$0	\$162,787	\$127,461
Current Year Set-Aside Requirement	177,613	177,613	0	212,034
Qualifying Disbursements	<u>(40,112)</u>	<u>(305,692)</u>	<u>0</u>	<u>(202,612)</u>
Total	<u>\$102,175</u>	<u>(\$128,079)</u>	<u>\$162,787</u>	<u>\$136,883</u>
Cash Balance Carried Forward to FY 2002	<u>\$102,175</u>	<u>\$0</u>	<u>\$162,787</u>	

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

For the Textbook Reserve, qualifying disbursements during the year did reduce the required set aside amount below zero. This balance must be held in cash at year end and carried forward to be used for the same purpose in future years.

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that Districts establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2001, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance.

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**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Adult Education_State Grant Program	-	84.002	\$5,633	\$6,922
	-		5,498	3,262
	AB-S1 00		82,601	82,601
	-		10,000	6,000
	-		8,500	8,500
	-		<u>3,000</u>	<u>3,102</u>
Total Adult Education_State Grant Program			115,232	110,387
Vocational Education_Basic Grants to States	20-C1 00	84.048	31,889	88,994
	20-C2 00		2,702	0
	-		0	3,491
	-		0	1,529
	20-C1 01		95,625	223,360
	20-C2 01		47,000	50,303
	-		1,000	1,000
	-		8,500	4,602
	20-A5 01		17,000	17,726
	20-A5 01		11,875	4,178
	20-A4 99		1,500	3,675
	20-A5 01		3,000	5,365
	-		<u>0</u>	<u>34</u>
Total Vocational Education_Basic Grants to States			220,091	404,257
Innovative Education Program Strategies	C2-S1 01	84.298	622	0
Tech-Prep Education	-	84.243	0	261
	-		60,000	29,724
	-		<u>3,295</u>	<u>3,328</u>
Total Tech-Prep Education			63,295	33,313
Goals 2000_State and Local Education Systemic Improvement	G2-S6 00 & 01	84.276	170,000	31,956
	G2-S6 00		39,997	82,282
	-		<u>0</u>	<u>8,671</u>
Total Goals 2000_State and Local Education Systemic Improvement			209,997	122,909
Eisenhower Professional Development State Grants	MS-S1 01	84.281	1,490	937
<i>Direct from Grantor</i>				
Federal Pell Grant Program	-	84.063	<u>45,183</u>	<u>39,946</u>
Total U.S. Department of Education			<u>655,910</u>	<u>711,749</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed Through Ohio Department of Education:</i>				
Employment Services and Job Training_Pilot and Demonstration Programs	WK-BE-01	17.249	<u>420</u>	<u>0</u>
Total U.S. Department of Labor			<u>420</u>	<u>0</u>
Totals Schedule of Awards Receipts and Expenditures.			<u>\$656,330</u>	<u>\$711,749</u>

The accompanying notes to this schedule are an integral part of this schedule.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY
FISCAL YEAR ENDED JUNE 30, 2001**

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

We have audited the financial statements of the Licking County Joint Vocational School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 10, 2001 wherein we noted the District has not adopted generally accepted accounting principles, contrary to the Ohio Administrative Code. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items **2001-10645-001 through 2001-10645-005**. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated September 10, 2001.

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 judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item **2001-10645-006**.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 10, 2001.

This report is intended for the information and use of the 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

September 10, 2001



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

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

Compliance

We have audited the compliance of the Licking County Joint Vocational School District, Licking County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2001. 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 auditing standards generally accepted in the United States of America; 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, 2001.

Internal Control Over Compliance

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

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

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

JIM PETRO
Auditor of State

September 10, 2001

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2001-10645-001

Ohio Admin. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). The District currently prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than GAAP. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District.

The District should prepare its financial statements in accordance with GAAP.

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
(Continued)

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

Finding Number 2001-10645-002

Ohio Rev. Code Section 5705.36 requires that on or about the first day of each fiscal year, the Treasurer is to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The District's Treasurer did not certify to the County Auditor the total amount from all resources which is available for expenditure until June 29, 2001, which is the next-to-last day of the fiscal year rather than the first day.

Once the year-end fund balances have been reconciled, the Treasurer should certify the District's fund balances to the County Auditor.

Finding Number 2001-10645-003

Ohio Rev. Code Section 5705.38 requires an annual appropriation measure to be passed on or about the first day of each fiscal year. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until October 1.

Permanent appropriations were not approved by the Board until June 26, 2001. Permanent appropriations should be adopted and certified to the County Budget Commission by October 1 of each year.

Since Ohio Rev. Code Section 5705.41(B) prohibits a District from making an expenditure unless it has been properly appropriated, all payments prior to June 26, 2001 were in excess of appropriations.

During the year, the Treasurer should periodically review the appropriation ledger to ensure that expenditures do not exceed appropriations. The Treasurer should not approve any expenditures which exceed appropriations. If necessary, the Treasurer should request the Board of Education to determine if they wish to approve the expenditures by amending appropriations.

Finding Number 2001-10645-004

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Since fiscal year 2001 appropriations were not filed with the County Budget Commission until the last week of the fiscal year, prior certification of funds could not be obtained for all expenditure commitments of the District.

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
(Continued)

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

Finding Number 2001-10645-004 (Continued)

The Treasurer should certify funds before each payment is made through the issuance of a regular, blanket or super blanket certificates. One blanket certificate can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. These blanket certificates cannot exceed three months and should be canceled at the end of each fiscal year. Super blanket certificates can be issued for amounts over \$5,000 for expenditures and contracts from a specific line-item appropriation account in a specified fund for recurring and reasonably predictable expenses.

Also, as an alternative, the District can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Treasurer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Treasurer without subsequent authorization from the Board. However, then and now certificates issued by the Treasurer over \$1,000 must be authorized by the Board within thirty days after payment.

Finding Number 2001-10645-005

Ohio Rev. Code Section 5705.412 states in part that no school district shall adopt any appropriation measure, make any qualifying contract, or increase any wage or salary schedule unless a certificate (412 certificate) is attached that certifies the District has adequate revenues sufficient to maintain all personnel and programs.

The District's appropriation measure did not have the required 412 certificate attached. The District should ensure that 412 certificates be executed for all appropriation measures, increased salary or wage schedules, and qualifying contracts (including negotiated agreements and contracts for benefits).

Finding Number 2001-10645-006

Ohio Admin. Code Rule 3301-61-16 indicates that a school district receiving vocational education weighted funds should develop a method to measure eligible costs versus certified revenues. Such methods may include using USAS special cost centers or job codes, or using spreadsheet software to record eligible costs. Any certified revenues underspent by eligible costs must be reported to the Ohio Department of Education Office in writing.

At June 30, 2001, documentation was not provided by the District that vocational education funding was spent in accordance with this rule. The District's Treasurer should review AOS Bulletin 2000-16 and develop procedures to identify, classify and summarize qualifying disbursements to support compliance with the Rule and to measure any future funding restrictions.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LICKING 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
OCTOBER 4, 2001**