



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Tri-County Joint Vocational School District, Athens County, Ohio (the School 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 School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tri-County Joint Vocational School District, Athens County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 24, 2001

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<i>GOVERNMENTAL FUND TYPES</i>			<i>PROPRIETARY FUND TYPES</i>	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Assets and Other Debits:					
Assets:					
Cash and Cash Equivalents	\$2,081,268	\$401,364	\$710,541	\$380,576	\$25,836
<i>Receivables:</i>					
Taxes	2,050,313	0	0	0	0
Accounts	679	0	0	22,933	0
Intergovernmental	0	0	0	3,606	0
Interfund	218,648	0	0	0	0
Inventory Held for Resale	0	0	0	4,021	0
Materials and Supplies Inventory	61,799	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	119,511	166,805
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	108,983	0	0	0	0
Other Debits:					
Amount to be Provided from					
General Government Resources	0	0	0	0	0
Total Assets and Other Debits	<u>\$4,521,690</u>	<u>\$401,364</u>	<u>\$710,541</u>	<u>\$530,647</u>	<u>\$192,641</u>
Liabilities, Fund Equity and Other Credits:					
Liabilities:					
Accounts Payable	\$5,748	\$2,250	\$32,910	\$641	\$2,754
Contracts Payable	2,207	200	18,000	0	0
Accrued Wages and Benefits Payable	364,572	24,345	0	20,926	5,420
Compensated Absences Payable	57,501	2,218	0	1,816	6,506
Interfund Payable	0	159,648	0	59,000	0
Intergovernmental Payable	135,715	8,118	0	10,034	1,566
Deferred Revenue	1,918,794	0	0	3,045	0
Due to Students	0	0	0	0	0
Property Tax Refund Payable	0	0	0	0	0
Total Liabilities	<u>2,484,537</u>	<u>196,779</u>	<u>50,910</u>	<u>95,462</u>	<u>16,246</u>
Fund Equity and Other Credits:					
Investment in General Fixed Assets	0	0	0	0	0
<i>Retained Earnings:</i>					
Unreserved	0	0	0	435,185	176,395
<i>Fund Balance:</i>					
Reserved for Encumbrances	54,588	43,880	147,090	0	0
Reserved for Inventory	61,799	0	0	0	0
Reserved for Property Taxes	131,519	0	0	0	0
Reserved for Statutory Set-Asides	108,983	0	0	0	0
<i>Unreserved:</i>					
Undesignated	1,680,264	160,705	512,541	0	0
Total Fund Equity and Other Credits	<u>2,037,153</u>	<u>204,585</u>	<u>659,631</u>	<u>435,185</u>	<u>176,395</u>
Total Liabilities, Fund Equity and Other Credits	<u><u>\$4,521,690</u></u>	<u><u>\$401,364</u></u>	<u><u>\$710,541</u></u>	<u><u>\$530,647</u></u>	<u><u>\$192,641</u></u>

See accompanying notes to the general purpose financial statements.

<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$141,292	\$0	\$0	\$3,740,877
0	0	0	2,050,313
0	0	0	23,612
0	0	0	3,606
0	0	0	218,648
0	0	0	4,021
0	0	0	61,799
0	4,725,964	0	5,012,280
0	0	0	108,983
0	0	303,365	303,365
\$141,292	\$4,725,964	\$303,365	\$11,527,504
\$0	\$0	\$0	\$44,303
0	0	0	20,407
0	0	0	415,263
0	0	255,073	323,114
0	0	0	218,648
4	0	0	155,437
0	0	0	1,921,839
49,099	0	0	49,099
0	0	48,292	48,292
49,103	0	303,365	3,196,402
0	4,725,964	0	4,725,964
0	0	0	611,580
0	0	0	245,558
0	0	0	61,799
0	0	0	131,519
0	0	0	108,983
92,189	0	0	2,445,699
92,189	4,725,964	0	8,331,102
\$141,292	\$4,725,964	\$303,365	\$11,527,504

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

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>GOVERNMENTAL FUND TYPES</u>				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
Taxes	\$2,161,913	\$0	\$0	\$0	\$2,161,913
Intergovernmental	3,625,208	812,862	0	0	4,438,070
Interest	187,383	0	0	6,079	193,462
Tuition and Fees	1,516	0	0	950	2,466
Miscellaneous	41,501	23,229	0	0	64,730
<i>Total Revenues</i>	<u>6,017,521</u>	<u>836,091</u>	<u>0</u>	<u>7,029</u>	<u>6,860,641</u>
Expenditures:					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	265,872	18,150	0	0	284,022
Special	0	23,964	0	0	23,964
Vocational	3,310,953	329,307	0	0	3,640,260
Adult/Continuing	0	101,511	0	0	101,511
<i>Support Services:</i>					
Pupils	320,686	71,268	0	0	391,954
Instructional Staff	251,300	16,268	0	0	267,568
Board of Education	30,111	0	0	0	30,111
Administration	337,033	45	0	0	337,078
Fiscal	360,978	0	0	0	360,978
Business	34,225	0	0	0	34,225
Operation and Maintenance of Plant	610,627	0	0	0	610,627
Central	0	128,767	0	0	128,767
Operation of Non-Instructional Services	0	938	0	0	938
Extracurricular Activities	3,673	61,499	0	775	65,947
Capital Outlay	0	0	223,071	0	223,071
<i>Total Expenditures</i>	<u>5,525,458</u>	<u>751,717</u>	<u>223,071</u>	<u>775</u>	<u>6,501,021</u>
Excess of Revenues Over (Under) Expenditures	492,063	84,374	(223,071)	6,254	359,620
Other Financing Sources (Uses):					
Operating Transfers In	950	2,752	0	0	3,702
Operating Transfers Out	(10,482)	(123)	0	0	(10,605)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,532)</u>	<u>2,629</u>	<u>0</u>	<u>0</u>	<u>(6,903)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	482,531	87,003	(223,071)	6,254	352,717
Fund Balance (Deficit) at Beginning of Year	1,533,468	117,582	882,702	85,935	2,619,687
Increase (Decrease) in Reserve for Inventory	21,154	0	0	0	21,154
Fund Balance (Deficit) at End of Year	<u><u>\$2,037,153</u></u>	<u><u>\$204,585</u></u>	<u><u>\$659,631</u></u>	<u><u>\$92,189</u></u>	<u><u>\$2,993,558</u></u>

See accompanying notes to the general purpose financial statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<i>GENERAL FUND</i>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$2,189,551	\$2,189,551	\$0
Intergovernmental	3,625,208	3,625,208	0
Interest	187,383	187,383	0
Tuition and Fees	1,516	1,516	0
Miscellaneous	46,618	46,618	0
<i>Total Revenues</i>	<u>6,050,276</u>	<u>6,050,276</u>	<u>0</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	263,607	263,607	0
Special	0	0	0
Vocational	3,339,363	3,339,363	0
Adult/Continuing	0	0	0
<i>Support Services:</i>			
Pupils	329,493	329,493	0
Instructional Staff	242,298	242,298	0
Board of Education	30,812	30,812	0
Administration	330,156	330,156	0
Fiscal	345,072	345,072	0
Business	34,249	34,249	0
Operation and Maintenance of Plant	618,362	618,362	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	3,664	3,664	0
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>5,537,076</u>	<u>5,537,076</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	513,200	513,200	0
Other Financing Sources (Uses):			
Operating Transfers In	950	950	0
Advances In	124,424	124,424	0
Operating Transfers Out	(10,482)	(10,482)	0
Advances Out	(171,700)	(171,700)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(56,808)</u>	<u>(56,808)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	456,392	456,392	0
Fund Balances at Beginning of Year	1,555,606	1,555,606	0
Prior Year Encumbrances Appropriated	163,882	163,882	0
Fund Balances at End of Year	<u><u>\$2,175,880</u></u>	<u><u>\$2,175,880</u></u>	<u><u>\$0</u></u>

See accompanying notes to the general purpose financial statements.

GOVERNMENTAL FUND TYPES

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
812,862	812,862	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
23,229	23,229	0	0	0	0
<u>836,091</u>	<u>836,091</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
22,922	20,241	2,681	0	0	0
20,976	20,155	821	0	0	0
353,548	351,415	2,133	0	0	0
101,511	101,511	0	0	0	0
83,660	85,448	(1,788)	0	0	0
22,414	23,139	(725)	0	0	0
0	0	0	0	0	0
7,430	215	7,215	0	0	0
2,493	0	2,493	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
161,967	134,458	27,509	0	0	0
1,097	997	100	0	0	0
74,904	66,047	8,857	0	0	0
0	0	0	370,160	370,160	0
<u>852,922</u>	<u>803,626</u>	<u>49,296</u>	<u>370,160</u>	<u>370,160</u>	<u>0</u>
(16,831)	32,465	49,296	(370,160)	(370,160)	0
2,752	2,752	0	0	0	0
112,700	112,700	0	0	0	0
(123)	(123)	0	0	0	0
(99,527)	(99,527)	0	0	0	0
<u>15,802</u>	<u>15,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(1,029)	48,267	49,296	(370,160)	(370,160)	0
183,445	183,445	0	772,017	772,017	0
76,132	76,132	0	110,685	110,685	0
<u>\$258,548</u>	<u>\$307,844</u>	<u>\$49,296</u>	<u>\$512,542</u>	<u>\$512,542</u>	<u>\$0</u>

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	<i>EXPENDABLE TRUST FUND</i>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	84	84	0
Tuition and Fees	0	0	0
Miscellaneous	950	950	0
<i>Total Revenues</i>	1,034	1,034	0
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
<i>Support Services:</i>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	775	775	0
Capital Outlay	0	0	0
<i>Total Expenditures</i>	775	775	0
Excess of Revenues Over (Under) Expenditures	259	259	0
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	259	259	0
Fund Balances at Beginning of Year	85,935	85,935	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$86,194	\$86,194	\$0

See accompanying notes to the general purpose financial statements.

TOTALS (MEMORANDUM ONLY)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,189,551	\$2,189,551	\$0
4,438,070	4,438,070	0
187,467	187,467	0
1,516	1,516	0
70,797	70,797	0
<u>6,887,401</u>	<u>6,887,401</u>	<u>0</u>
286,529	283,848	2,681
20,976	20,155	821
3,692,911	3,690,778	2,133
101,511	101,511	0
413,153	414,941	(1,788)
264,712	265,437	(725)
30,812	30,812	0
337,586	330,371	7,215
347,565	345,072	2,493
34,249	34,249	0
618,362	618,362	0
161,967	134,458	27,509
1,097	997	100
79,343	70,486	8,857
370,160	370,160	0
<u>6,760,933</u>	<u>6,711,637</u>	<u>49,296</u>
126,468	175,764	49,296
3,702	3,702	0
237,124	237,124	0
(10,605)	(10,605)	0
(271,227)	(271,227)	0
<u>(41,006)</u>	<u>(41,006)</u>	<u>0</u>
85,462	134,758	49,296
2,597,003	2,597,003	0
350,699	350,699	0
<u>\$3,033,164</u>	<u>\$3,082,460</u>	<u>\$49,296</u>

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

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues:			
Tuition	\$433,893	\$0	\$433,893
Sales	136,278	0	136,278
Charges for Services	65,355	85,486	150,841
Other Operating Revenues	38,507	0	38,507
<i>Total Operating Revenues</i>	<u>674,033</u>	<u>85,486</u>	<u>759,519</u>
Operating Expenses:			
Salaries	335,134	40,657	375,791
Fringe Benefits	94,072	11,551	105,623
Purchased Services	241,096	11,556	252,652
Materials and Supplies	170,874	36,405	207,279
Cost of Sales	36,796	0	36,796
Depreciation	24,930	81,448	106,378
Other Operating Expenses	1,240	0	1,240
<i>Total Operating Expenses</i>	<u>904,142</u>	<u>181,617</u>	<u>1,085,759</u>
Operating Income (Loss)	(230,109)	(96,131)	(326,240)
Nonoperating Revenues (Expenses):			
Federal Donated Commodities	4,947	0	4,947
Federal and State Subsidies	308,860	0	308,860
Loss on Disposal of Fixed Assets	(649)	0	(649)
<i>Total Nonoperating Revenues (Expenses)</i>	313,158	0	313,158
Income (Loss) Before Operating Transfers	83,049	(96,131)	(13,082)
Operating Transfers In	7,730	0	7,730
Operating Transfers Out	(827)	0	(827)
Net Income (Loss)	89,952	(96,131)	(6,179)
Retained Earnings at Beginning of Year, As Restated	<u>345,233</u>	<u>272,526</u>	<u>617,759</u>
Retained Earnings at End of Year	<u>\$435,185</u>	<u>\$176,395</u>	<u>\$611,580</u>

See accompanying notes to the general purpose financial statements.

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$139,767	\$0	\$139,767
Cash Received from Tuition and Charges for Services	500,935	85,485	586,420
Cash Payments for Employees Services and Benefits	(438,701)	(47,255)	(485,956)
Cash Payments to Suppliers for Goods and Services	(434,317)	(48,471)	(482,788)
Other Operating Revenues	38,577	0	38,577
Other Operating Expenses	(1,240)	0	(1,240)
<i>Net Cash from Operating Activities</i>	<u>(194,979)</u>	<u>(10,241)</u>	<u>(205,220)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	309,565	0	309,565
Operating Transfers In	7,730	0	7,730
Operating Transfers Out	(827)	0	(827)
Advances In	60,457	0	60,457
Advances Out	(26,354)	0	(26,354)
<i>Net Cash from Noncapital Financing Activities</i>	<u>350,571</u>	<u>0</u>	<u>350,571</u>
Cash Flows from Capital Financing Activities:			
Cash Payments for Capital Acquisitions	(40,003)	0	(40,003)
<i>Net Cash from Capital Financing Activities</i>	<u>(40,003)</u>	<u>0</u>	<u>(40,003)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	115,589	(10,241)	105,348
Cash and Cash Equivalents at Beginning of Year	<u>264,987</u>	<u>36,077</u>	<u>301,064</u>
Cash and Cash Equivalents at End of Year	<u><u>\$380,576</u></u>	<u><u>\$25,836</u></u>	<u><u>\$406,412</u></u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	(\$230,109)	(\$96,131)	(\$326,240)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	24,930	81,448	106,378
Donated Commodities Used During Year	4,947	0	4,947
<i>Changes in Assets and Liabilities:</i>			
(Increase) Decrease in Accounts Receivable	4,971	0	4,971
(Increase) Decrease in Intergovernmental Receivable	274	0	274
(Increase) Decrease in Materials and Supplies Invent	1,123	0	1,123
(Increase) Decrease in Inventory Held for Resale	4,087	0	4,087
Increase (Decrease) in Accounts Payable	(10,087)	(511)	(10,598)
Increase (Decrease) in Accrued Wages and Benefits I	5,438	2,243	7,681
Increase (Decrease) in Intergovernmental Payable	18	971	989
Increase (Decrease) in Compensated Absences Payab	944	1,739	2,683
Increase (Decrease) in Deferred Revenue	(1,515)	0	(1,515)
Total Adjustments	<u>35,130</u>	<u>85,890</u>	<u>121,020</u>
Net Cash from Operating Activities	<u>(\$194,979)</u>	<u>(\$10,241)</u>	<u>(\$205,220)</u>

See accompanying notes to the general purpose financial statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District operates under a eleven-member Board of Education and is responsible for the provision of public education to residents of the District. The Board of Education of the District is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The District has an enrollment of 606 students and is staffed by 37 classified, 76 certified and 6 administrative employees.

Reporting Entity

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

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

The District is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

Proprietary Fund Types:

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

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

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

Fiduciary Fund Types:

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

Expendable Trust Fund - This fund accounts for resources, including both principal and earnings which must be expended according to the provision of a trust agreement. The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups:

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, whose availability is undeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

Measurement Focus and Basis of Accounting - (Continued)

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

Budgetary Data

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

Tax Budget: Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Athens County Budget Commission for rate determination.

Estimated Resources: Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate requested during fiscal year 2000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

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

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

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

Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. The District credits interest to the General and Expendable Trust Funds. Interest revenue earned in fiscal year 2000 totaled \$193,462.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

Cash and Investments - (Continued)

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

Inventory

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

Restricted Assets

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

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of three hundred dollars. The District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

Intergovernmental Revenues

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

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

Entitlements:

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants:

Special Revenue Funds

Economic Education
Career Development
Professional Development Block Grant
Educational Management Information System
School Net Professional Development
Wellness Grant
Adult Workforce
Adult Basic Education
Eisenhower Professional Development
Adult Vocational Education
Chapter II
School to Work

Reimbursable Grants:

Special Revenue Funds

PELL Grant

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements accounted for sixty-one percent of the District's operating revenue during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

Interfund Assets/Liabilities

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

Interfund Transactions

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

Estimates

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

Fund Balance Reserves

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

Total Columns on General Purpose Financial Statements

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 3 - RESTATEMENT OF FUND EQUITY

During fiscal year 2000, the District restated the value of its fixed assets in the Enterprise Funds, Internal Service Fund and General Fixed Assets Account Group. The effects of these adjustments on account balances/retained earnings as previously reported for the year ended June 30, 1999 are as follows:

	Enterprise
Retained Earnings as Previously Reported	\$369,984
Overstatement of Fixed Assets	(24,751)
Restated Retained Earnings as of July 1, 1999	\$345,233
	Internal Service
Retained Earnings as Previously Reported	\$275,478
Overstatement of Fixed Assets	(2,952)
Restated Retained Earnings as of July 1, 1999	\$272,526
	General Fixed Assets Account Group
Account Balance as Previously Reported	\$5,313,773
Overstatement of Fixed Assets	(248,512)
Restated Account Balance as of July 1, 1999	\$5,065,261

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$482,531	\$87,003	(\$223,071)	\$6,254
Net Adjustment for Revenue Accruals	32,755	0	0	(5,995)
Net Adjustment for Expenditure Accruals and Encumbrances	(11,618)	(51,909)	(147,089)	0
Net Adjustment for Other Financing Sources (Uses)	(47,276)	13,173	0	0
Budget Basis	\$456,392	\$48,267	(\$370,160)	\$259

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

Fund balances at June 30, 2000 included the following individual fund deficits:

Special Revenue Funds:

Tech-Prep Grant	\$53,399
Economic Education	809
Career Development	4,795
Driver's Education	450
Eisenhower Professional Development	227
Vocational Education	12,166
Chapter II	1,506

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes requires the classification of monies held by the District into three categories:

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

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

6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes, for a period not to exceed one hundred and eighty days, in an amount not to exceed twenty-five percent of interim moneys available for investment at any time.

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

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

Deposits: At fiscal year-end, the carrying amount of the District's deposits was \$3,849,860 and the bank balance was \$4,190,919. Of the bank balance, \$200,000 was covered by federal deposit insurance, \$2,519,737 was collateralized with securities held by the District or by its agency in the District's name, and \$1,471,182 was considered uninsured and uncollateralized, although it was covered by a collateral pool, allowed under Ohio Revised Code Section 135.181. Although the pledging institution and the District met all State statutory requirements for the deposit of money, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. During fiscal year 2000, the District held no investments.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 7 - PROPERTY TAXES

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

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second - Half Collections		2000 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$761,906,200	77.0%	\$841,167,980	78.8%
Public Utility Personal	137,735,070	13.9%	134,587,380	12.6%
Tangible Personal Property	90,248,719	9.1%	92,156,703	8.6%
Total Assessed Value	<u>\$989,889,989</u>	<u>100.0%</u>	<u>\$1,067,912,063</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$3.30		\$3.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2000 is available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 7 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of 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. Tri-County Joint Vocational School District had \$131,519 available for advance to the General Fund at June 30, 2000.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal item of intergovernmental receivable follows:

<i>Enterprise Fund:</i>	
Food Service	\$3,606
	3,606
Total Enterprise Fund	3,606
Total Intergovernmental Receivable	\$3,606

NOTE 9 - FIXED ASSETS

A summary of the proprietary funds' fixed assets at June 30, 2000 follows:

	Enterprise	Internal Service
Furniture and Equipment	\$294,480	\$437,425
Less: Accumulated Depreciation	(174,969)	(270,620)
Net Fixed Assets	\$119,511	\$166,805

A summary of the changes in general fixed assets during fiscal year 2000 follows:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 9 - FIXED ASSETS (Continued)

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$26,308	\$0	\$0	\$26,308
Building and Improvements	4,105,896	0	0	4,105,896
Furniture, Fixtures, and Equipment	3,450,321	349,914	101,648	3,698,587
Totals	\$7,582,525	<u>\$349,914</u>	<u>\$101,648</u>	\$7,830,791
Less: Accumulated Depreciation	(2,517,264)			(3,104,827)
Net Fixed Assets	<u>\$5,065,261</u>			<u>\$4,725,964</u>

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with Reed and Baur Insurance for property and fleet insurance and inland marine coverage, with Harcum and Hyre Insurance for liability insurance, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2000 are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$11,388,642
Inland Marine Coverage	145,032
Automobile Liability (\$0 deductible)	500,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	500,000
General Liability:	
Medical Expense Limit (any one person)	5,000
Fire Damage Limit (any one fire)	100,000
Per Occurrence	2,000,000
Total Per Year	5,000,000
Public Official Bonds:	
Treasurer	50,000
Superintendent/Board President/Board Vice-President (each)	20,000
Blanket (all others)	2,500

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 10 - RISK MANAGEMENT (Continued)

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

Workers' Compensation

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 7.70 percent of the annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$121,569, \$109,444, and \$106,720, respectively; 84.90 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$18,352 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$483,992, \$436,364, and \$441,193, respectively; 77.68 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$108,006 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education have elected Social Security.

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$276,567 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent 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, SERS had net assets available for payment of health care benefits of \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000. For the District, the amount to fund health care benefits, including the surcharge, equaled \$57,298 during the 2000 fiscal year.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 300 days for teachers, administrators and classified employees. Upon retirement, teachers and administrators receive one-fourth of the total sick leave accumulation up to a maximum of sixty (60) days while classified employees receive up to a maximum of sixty days (60).

Deferred Compensation

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during fiscal year 2000 were as follows:

	Principal Outstanding June 30, 1999	Additions	Deletions	Principal Outstanding June 30, 2000
Compensated Absences Payable	\$248,953	\$6,120	\$0	\$255,073
Property Tax Refund Payable	68,911	0	20,619	48,292
Totals	<u>\$317,864</u>	<u>\$6,120</u>	<u>\$20,619</u>	<u>\$303,365</u>

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

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 2000 were comprised of the following interfund receivable and interfund payables:

	Interfund Receivable	Interfund Payable
<i>General Fund</i>	\$218,648	\$0
<i>Special Revenue Funds:</i>		
Tech-Prep Grant	0	46,521
Consumer Education Project	0	2,000
Career Development	0	25,000
Miscellaneous State Grants	0	450
Vocational Education	0	83,000
Eisenhower Professional Development	0	227
Chapter II	0	2,000
Driver Education	0	450
Total Special Revenue Funds	<u>0</u>	<u>159,648</u>
<i>Enterprise Funds:</i>		
Uniform School Supplies	0	10,000
Adult Education	0	49,000
Total Enterprise Funds	<u>0</u>	<u>59,000</u>
Totals	<u>\$218,648</u>	<u>\$218,648</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Rotary - Special Services	Adult Education	Total Enterprise Funds
Operating Revenues	\$65,254	\$55,415	\$65,649	\$487,715	\$674,033
Operating Expenses Before Depreciation	106,731	61,096	58,484	652,901	879,212
Depreciation	4,688	227	674	19,341	24,930
Operating Income (Loss)	(46,165)	(5,908)	6,491	(184,527)	(230,109)
Donated Commodities	4,947	0	0	0	4,947
Operating Grants	34,387	0	3,228	271,245	308,860
Loss on Disposal of Assets	0	0	0	649	649
Operating Transfers In	0	7,730	0	0	7,730
Operating Transfers Out	0	0	827	0	827
Net Income (Loss)	(6,831)	1,822	8,892	86,069	89,952
Fixed Assets Additions	568	0	2,544	36,891	40,003
Net Working Capital	3,502	48,556	74,065	189,551	315,674
Total Assets	59,833	52,993	79,196	338,625	530,647
Total Liabilities	21,207	641	0	73,614	95,462
Total Equity	38,626	52,352	79,196	265,011	435,185
Reserve for Encumbrances	0	564	1,011	1,804	3,379

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The District made a payment of \$4,688 for membership in fiscal year 2000. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

Athens County School Employees Health and Welfare Benefit Association

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

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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 adverse effect on the overall financial position of the District at June 30, 2000.

Litigation

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

NOTE 20 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2000:

	<u>Textbook</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Balance as of July 1, 1999	\$0	\$0	\$108,983	\$108,983
Current Year Set-Aside Requirement	143,363	143,363	0	286,726
Current Year Offset	0	0	0	0
Qualifying Disbursements	(150,042)	(457,189)	0	(607,231)
Total	(6,679)	(313,826)	108,983	(211,522)
Set-Aside Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$108,983</u>	
Total Restricted Assets				<u>\$108,983</u>

Although the District had qualifying disbursements during the year that exceeded the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account may be carried forward to offset future years' textbook set-aside requirements. Each reserve must be represented by restricted cash at year-end and carried forward to be used for the same purposes in future years.

NOTE 21 - STATE SCHOOL FUNDING DECISION

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(Continued)

NOTE 21 - STATE SCHOOL FUNDING DECISION - (Continued)

District. For the fiscal year ended June 30, 2000, the District received \$3,357,073 in school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State 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 warrant 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.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE						
<i>Direct from Federal Government:</i>						
Production Flexibility Payments for Contract Commodities	N/A	10.055	\$ 1,427	\$ 0	\$ 1,427	\$ 0
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program (Commodities)		10.550	0	4,947	0	7,592
National School Lunch Program	03-PU-99	10.555	1,673	0	1,673	0
	03-PU-00		3,957	0	3,957	0
	04-PU-99		8,193	0	8,193	0
	04-PU-00		19,009	0	19,009	0
Total National School Lunch Program			<u>32,832</u>	<u>0</u>	<u>32,832</u>	<u>0</u>
Total Nutrition Cluster			<u>32,832</u>	<u>4,947</u>	<u>32,832</u>	<u>7,592</u>
Total U.S. Department of Agriculture			34,259	4,947	34,259	7,592
U.S. DEPARTMENT OF EDUCATION						
<i>Direct from Federal Government:</i>						
Pell Grant Program	N/A	84.063	3,740	0	3,740	0
	N/A		97,771	0	97,771	0
Total Pell Grant Program			<u>101,511</u>	<u>0</u>	<u>101,511</u>	<u>0</u>
<i>Passed Through Ohio Department of Education:</i>						
Vocational Education-Basic Grants to States	20-C1-99	84.048	46,167	0	50,083	0
	20-C1-00		310,158	0	315,736	0
	20-C2-99		7,095	0	1,138	0
	20-C2-00		33,868	0	37,486	0
Total Vocational Education-Basic Grants to States			<u>397,288</u>	<u>0</u>	<u>404,443</u>	<u>0</u>
Professional Development Grant	MS-S1-99	84.281	(47)	0	162	0
	MS-S1-00		468	0	695	0
			<u>421</u>	<u>0</u>	<u>857</u>	<u>0</u>
Innovative Educational Program Strategies (Title VI)	C2-S1-98	84.298	0	0	2,138	0
	C2-S1-99		495	0	514	0
	C2-S1-00		916	0	2,423	0
Total Innovative Education Program Strategies (Title VI)			<u>1,411</u>	<u>0</u>	<u>5,075</u>	<u>0</u>
Total U.S. Department of Education			500,631	0	511,886	0
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	WK-BE-99	17.249	15,200	0	4,126	0
<i>Pass Through Washington County Joint Vocational School District:</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	WK-BE-98	17.249	0	0	2,631	0
	WK-BE-99		5,000	0	4,841	0
	WK-BE-00		5,999	0	5,999	0
			<u>10,999</u>	<u>0</u>	<u>13,471</u>	<u>0</u>
Total U.S. Department of Labor			<u>26,199</u>	<u>0</u>	<u>17,597</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 561,089</u>	<u>\$ 4,947</u>	<u>\$ 563,742</u>	<u>\$ 7,592</u>

See the accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of the Tri-County Joint Vocational School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 24, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 24, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 24, 2001.

Tri-County Joint Vocational School District
Athens County
Report of Independent Accountants
on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

January 24, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

This report is intended for the information and use of 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

January 24, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED 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 conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education: Basic Grants to States, CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
1999-10705-001	Noncompliance Citation: Ohio Rev. Code §5705.38 requires the District to pass an appropriation measure on or about the first day of each fiscal year. The District did not file the 1999 temporary measure until August 18, 1998 or the permanent measure until June 16, 1999.	No	Partially Corrected: While the District was still late in filing, it was considerably closer to the required date. This issue was addressed in a separate letter to the management of the District date January 24, 2001.
1999-10705-002	Noncompliance Citation: Ohio Rev. Code §5705.39 states that the total appropriation from each fund should not exceed the total estimated resources. The District's 1999 appropriations exceeded total estimated resources in several Special Revenue Funds at June 30, 1999.	No	Partially Corrected: While noncompliance did occur in FY 2000, the amount were deemed insignificant. This issue was addressed in a separate letter to the management of the District date January 24, 2001.
1999-10705-003	Noncompliance Citation: Ohio Rev. Code §5705.29(H) and Ohio Admin. Code §301-92-03 and §117-1-24 (budgetary stabilization); Ohio Rev. Code §3315.17-.171 and Ohio Admin. Code §301-92-01(textbooks); and Ohio Rev. Code §3315.18-.181 and Ohio Admin. Code §3301-92-02 (capital) requires that the School District establish reserves which are to be calculated and set aside annually. These reserves must be represented by restricted cash at year-end and must be accounted for in the general fund. The District did not accurately calculate or report the H.B. 412 set asides for fiscal year ended June 30, 1999.	Yes	Corrected. While the District complied with this Revised Code as written, we did issue a recommendation, in a separate letter to the management of the District, dated January 24, 2001, that the District report these set asides in separate special costs within the General Fund since the Board bases all decisions throughout the fiscal year based on monthly cash basis reports.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10705-004	Noncompliance Citation: Ohio Rev. Code §5705.412 requires the Treasurer, Superintendent and President of the Board of Education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days. The District did not complete 412 certificates for two significant contracts during FY 1999.	Yes	Fully Corrected for FY 2000.
1999-10705-005	Noncompliance Citation: Ohio Rev. Code §5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Board approves the District's budget at the object level, which is the level at which disbursements plus encumbrances may not exceed appropriations. The District's expenditures exceeded appropriations at the legal level of control for 67% of the line items tested in fiscal year 1999.	Yes	Fully Corrected for FY 2000.
1999-10705-006	Reportable Condition/Material Weakness: We recommend that written policies and procedures for accounts receivable records concerning tuition, classroom materials and fees, and student activities, be prepared and approved by the Board of Education. The policies and procedures should include specific procedures for accountability and financial statement reporting, supervisory review, collection and aging of delinquent accounts, and write-off of uncollectible accounts.	No	Not Corrected. Not deemed material in FY 2000 audit period since the absence of such policies did not result in significant or insignificant adjustments. This issue was addressed in a separate letter to management of the District date January 24, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2001**