

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Education
Penta Joint Vocational School District
30095 Oregon Road
Perrysburg, OH 43551

We have reviewed the Independent Auditor's Report of the Penta Joint Vocational School District, Wood County, prepared by Weber O'Brien LTD, for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Penta Joint Vocational School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 14, 2002

This Page is Intentionally Left Blank.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

Elected Officials and Administrative Personnel	(i)
Index of Funds	(ii)
Independent Auditors' Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non GAAP Budgetary Basis) and Actual All Governmental Fund Types and Expendable Trust Funds	4
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Types and Nonexpendable Trust Funds	5
Combined Statement of Cash Flows - Proprietary Fund Types and Nonexpendable Trust Funds	6
Notes to Combined Financial Statements	7-26
Schedule of Expenditures of Federal Awards	27
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	28
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	29 - 30
Schedule of Findings and Questioned Costs	31
Summary Schedule of Prior Audit Findings	32

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 30095 Oregon Road
 Perrysburg, Ohio 43551

**ELECTED OFFICIALS AND
 ADMINISTRATIVE PERSONNEL
 AS OF JUNE 30, 2001**

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount</u>
BOARD OF EDUCATION				
Marcia Helman	President	1/01/00 to 12/31/01	(A)	\$20,000
Janet Wolff	Vice President	1/01/00 to 12/31/01	-	-
Ellen Dalton	Member	1/01/00 to 12/31/01	-	-
John Kevern	Member	1/01/01 to 12/31/02	-	-
Penelope Getz	Member	1/01/00 to 12/31/01	-	-
Daniel Burns	Member	1/01/00 to 12/31/01	-	-
Judy Hansen	Member	1/01/01 to 12/31/02	-	-
Sandy Bringman	Member	4/11/01 to 12/31/02	-	-
Judith A. Sander	Member	1/01/00 to 12/31/01	-	-
Kathy Limes	Member	1/01/01 to 12/31/02	-	-
Pat Curtin	Member	1/01/01 to 12/31/02	-	-

LEGAL COUNSEL

Cooper & Walinski
 900 Adams Street
 P.O. Box 1568
 Toledo, Ohio 43603

ADMINISTRATIVE PERSONNEL

Fred Susor	Superintendent	8/01/00 to 7/31/03	(A)	\$20,000
Carrie Herringshaw	Treasurer	1/12/00 to Organizational Meeting 2004	(A)	\$100,000

(A) Nationwide Insurance

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

INDEX OF FUNDS

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund
Special Rotary Fund
Local Grants Fund
Media Materials Fund

Special Revenue Fund Type:

Adult Education Fund
Adult Basic Literacy Education Fund
Bureau of Vocational Rehabilitation Contract Services Fund
Career Development Fund
Education Management Information system (EMIS) fund
Eisenhower Professional Development Fund
Goals 2000 Grant Fund
Jobs Grant Fund
School-To-Work Fund
Professional Development Block Grant Fund
Supplemental Educational Opportunity Grant (SEOG) Fund
Skill Center Food Service Fund
Title VI Innovative Education Fund
Tech Preparation Expanded Enrollment Fund
UAW Ford Fund
Vocational Education Fund
Wellness Block Grant Fund
IVDL Grant Fund
OneNet Grant Fund

Capital Projects Fund Type:

Permanent Improvements Fund

PROPRIETARY FUND TYPE:

Enterprise Fund Type:

High School Food Service Fund
Uniform School Supplies Fund

FIDUCIARY FUND TYPE:

Trust and Agency Fund Types:

Expendable Trust Funds:

Harpster Trust Fund
Adult Education SBM
Graphics Trust Fund
Ayes Tool Scholarship Fund

Nonexpendable Trust Funds:

Hirzel Scholarship Foundation Fund

Agency Funds:

Pell Grant Fund
Maumee Valley Computer Association (MAVCA) Fund
Student Activities Fund

This Page is Intentionally Left Blank.



INDEPENDENT AUDITORS' REPORT

Board of Education
Penta County Vocational School District
30095 Oregon Road
Perrysburg, OH 43551

We have audited the accompanying general-purpose financial statements of the Penta County Vocational School District, an Ohio Vocational School District ("District"), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Penta County Vocational School District as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

weber • obrien LTD.

December 3, 2001

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
For the Fiscal Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$2,881,712	\$275,347	\$4,784,162
Receivables:			
Taxes	9,404,254	0	0
Accounts	29,836	0	0
Intergovernmental	97,395	246,951	0
Accrued Interest	138,406	0	0
Interfund Receivable	119,606	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	20,402	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	80,241	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$12,771,852</u>	<u>\$522,298</u>	<u>\$4,784,162</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS:			
LIABILITIES:			
Accounts Payable	\$192,971	\$13,913	\$0
Accrued Wages & Benefits	1,131,911	42,217	0
Compensated Absences Payable	132,907	2,582	0
Interfund Payable	0	119,606	0
Intergovernmental Payable	310,787	24,267	0
Deferred Revenue	8,887,546	216,823	0
Payroll Withholding	0	0	0
Undistributed Monies	0	0	0
Total Liabilities	<u>10,656,122</u>	<u>419,408</u>	<u>0</u>
FUND EQUITY AND OTHER CREDITS:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings	0	0	0
Fund Balance:			
Reserved for Encumbrances	329,201	64,044	72,964
Reserved for Inventory	20,402	0	0
Reserved for Property Tax	666,623	0	0
Reserved for Budget Stabilization	80,241	0	0
Reserved for Scholarships	0	0	0
Designated for Budget Stabilization	256,689	0	0
Unreserved, Undesignated	762,574	38,846	4,711,198
Total Fund Equity and Other Credits	<u>2,115,730</u>	<u>102,890</u>	<u>4,784,162</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$12,771,852</u>	<u>\$522,298</u>	<u>\$4,784,162</u>

See accompanying Notes to the General Purpose Financial Statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$130,780	\$0	\$0	\$8,072,001
0	0	0	0	9,404,254
0	0	0	0	29,836
0	0	0	0	344,346
0	0	0	0	138,406
0	0	0	0	119,606
4,197	0	0	0	4,197
1,177	0	0	0	21,579
0	0	0	0	80,241
40,455	0	25,546,140	0	25,586,595
0	0	0	1,815,254	1,815,254
<u>\$45,829</u>	<u>\$130,780</u>	<u>\$25,546,140</u>	<u>\$1,815,254</u>	<u>\$45,616,315</u>
\$202	\$248	\$0	\$0	\$207,334
2,404	0	0	0	1,176,532
19,271	0	0	1,808,795	1,963,555
0	0	0	0	119,606
5,297	0	0	6,459	346,810
501	0	0	0	9,104,870
0	0	0	0	0
0	58,782	0	0	58,782
<u>27,675</u>	<u>59,030</u>	<u>0</u>	<u>1,815,254</u>	<u>12,977,489</u>
0	0	25,546,140	0	25,546,140
8,989	0	0	0	8,989
9,165	0	0	0	9,165
0	4,325	0	0	470,534
0	0	0	0	20,402
0	0	0	0	666,623
0	0	0	0	80,241
0	48,412	0	0	48,412
0	0	0	0	256,689
0	19,013	0	0	5,531,631
<u>18,154</u>	<u>71,750</u>	<u>25,546,140</u>	<u>0</u>	<u>32,638,826</u>
<u>\$45,829</u>	<u>\$130,780</u>	<u>\$25,546,140</u>	<u>\$1,815,254</u>	<u>\$45,616,315</u>

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Type	
				Expendable Trust	
REVENUES:					
Intergovernmental	7,840,331	1,234,972	0	0	9,075,303
Interest	197,946	0	435,539	535	634,020
Tuition and Fees	0	456,767	0	0	456,767
Extracurricular Activities	13,364	0	0	0	13,364
Gifts and Donations	86,039	0	0	2,285	88,324
Customer Services	345,294	62,949	0	0	408,243
Property & Other Local Taxes	9,044,132	0	0	0	9,044,132
Miscellaneous	83,904	19,965	0	0	103,869
Total Revenues	17,611,010	1,774,653	435,539	2,820	19,824,022
EXPENDITURES:					
Current:					
Instruction:					
Regular	436,591	0	0	0	436,591
Special	685,429	0	0	0	685,429
Vocational	8,319,860	293,809	0	0	8,613,669
Adult/Continuing	92,626	869,361	0	0	961,987
Support Services:					
Pupils	1,629,064	314,914	0	0	1,943,978
Instructional Staff	1,414,793	254,310	0	0	1,669,103
Board of Education	41,576	0	0	0	41,576
Administration	929,183	242,345	0	0	1,171,528
Fiscal	408,620	0	0	0	408,620
Operation and Maintenance of Plant	1,763,916	142	0	0	1,764,058
Collaboration	129,917	52,721	0	0	182,638
Operation of Non-Instructional					
Services	311,468	99,131	0	1,359	411,958
Capital Outlay	0	0	3,939,288	0	3,939,288
Intergovernmental	0	0	0	0	0
Total Expenditures	16,163,043	2,126,733	3,939,288	1,359	22,230,423
Excess of Revenues Over (Under) Expenditures	1,447,967	(352,080)	(3,503,749)	1,461	(2,406,401)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	0	228,497	1,000,000	0	1,228,497
Operating Transfers Out	(1,255,597)	0	0	0	(1,255,597)
Total Other Financing Sources (Uses)	(1,255,597)	228,497	1,000,000	0	(27,100)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	192,370	(123,583)	(2,503,749)	1,461	(2,433,501)
Fund Balances (Deficit) at Beginning of Year	1,936,143	226,473	7,287,911	10,804	9,461,331
Decrease in Reserve for Inventory	(12,783)	0	0	0	(12,783)
Fund Balances at End of Year	\$2,115,730	\$102,890	\$4,784,162	\$12,265	\$7,015,047

See accompanying Notes to the General Purpose Financial Statements

This Page is Intentionally Left Blank.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental	7,703,289	7,938,778	235,487	1,392,816	1,338,703	(53,913)
Interest	200,000	308,151	108,151	0	0	0
Tuition and Fees	0	0	0	404,100	456,767	52,667
Extracurricular Activities	14,000	13,364	(636)	0	0	0
Gifts and Donations	92,667	89,039	(3,628)	0	0	0
Customer Services	335,700	317,816	(17,884)	86,020	62,949	(23,071)
Property & Other Local Taxes	8,570,196	8,976,732	406,536	0	0	0
Miscellaneous	38,835	28,620	(12,215)	22,000	19,965	(2,035)
Total Revenues	16,954,587	17,665,498	710,911	1,884,736	1,878,384	(6,352)
EXPENDITURES:						
Current:						
Instruction:						
Regular	448,376	444,304	4,072	0	0	0
Special	648,554	685,642	(37,088)	0	0	0
Vocational	8,715,885	8,435,827	280,058	303,435	303,407	28
Adult/Continuing	94,229	94,755	(526)	901,643	902,085	(442)
Support Services:						
Pupils	1,865,541	1,839,059	226,482	346,062	334,687	11,375
Instructional Staff	1,470,860	1,404,696	66,164	312,181	300,153	12,028
Board of Education	42,159	41,673	486	0	0	0
Administration	1,013,507	861,388	152,119	253,374	242,717	10,657
Fiscal	595,684	413,905	181,779	0	0	0
Operation and Maintenance of Plant	2,209,545	1,868,201	241,344	142	142	0
Collaboration	154,308	126,853	27,455	58,822	52,822	6,000
Operation of Non-Instructional						
Services	328,814	313,511	15,303	104,295	104,182	133
Capital Outlay	0	0	0	0	0	0
Total Expenditures	17,587,482	16,529,814	1,057,668	2,279,954	2,240,175	39,779
Excess of Revenues Over(Under) Expenditures	(632,875)	1,135,684	1,768,559	(395,218)	(361,791)	33,427
OTHER FINANCING SOURCES (USES):						
Refund of Prior Year Expenditures	0	57,284	57,284	0	0	0
Advances In	116,561	146,267	29,706	0	119,605	119,605
Advances Out	(150,000)	(161,779)	(11,779)	0	(104,093)	(104,093)
Operating Transfers In	0	0	0	226,127	228,497	2,370
Operating Transfers Out	(1,255,885)	(1,255,597)	288	0	0	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	(200,000)	0	200,000	(12,500)	(12,500)	0
Total Other Financing Sources (Uses)	(1,489,324)	(1,213,825)	275,499	213,627	231,509	17,882
Excess of Revenues and Other						
Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(2,122,199)	(78,141)	2,044,058	(181,591)	(130,282)	51,309
Fund Balances at Beginning of Year	2,021,313	2,021,313	0	221,058	221,058	0
Prior Year Encumbrances Appropriated	500,209	500,209	0	107,698	107,698	0
Fund Balances (Deficit) at End of Year	\$399,323	\$2,443,381	\$2,044,058	\$147,165	\$198,474	\$51,309

See accompanying Notes to the General Purpose Financial Statements

Capital Projects Fund			Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0	9,095,905	9,277,479	181,574
435,000	435,539	539	185	535	370	635,165	742,225	107,060
0	0	0	0	0	0	404,100	456,767	52,667
0	0	0	0	0	0	14,000	13,364	(636)
0	0	0	2,700	2,285	(415)	95,267	88,324	(6,943)
0	0	0	0	0	0	401,720	380,765	(20,955)
0	0	0	0	0	0	8,570,196	8,976,732	406,536
0	0	0	0	0	0	60,835	46,585	(14,250)
<u>435,000</u>	<u>435,539</u>	<u>539</u>	<u>2,865</u>	<u>2,820</u>	<u>(45)</u>	<u>19,277,188</u>	<u>19,982,241</u>	<u>705,053</u>
0	0	0	0	0	0	448,376	444,304	4,072
0	0	0	0	0	0	648,554	665,642	(37,088)
0	0	0	0	0	0	9,019,320	8,739,234	280,086
0	0	0	0	0	0	995,872	996,840	(968)
0	0	0	0	0	0	2,211,603	1,973,746	237,857
0	0	0	0	0	0	1,783,041	1,704,849	78,192
0	0	0	0	0	0	42,159	41,673	486
0	0	0	0	0	0	1,266,881	1,204,105	62,776
0	0	0	0	0	0	595,684	413,905	181,779
0	0	0	0	0	0	2,209,667	1,968,343	241,344
0	0	0	0	0	0	213,130	179,675	33,455
0	0	0	3,000	2,596	404	436,108	420,269	15,840
<u>4,935,278</u>	<u>4,030,664</u>	<u>904,614</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,935,278</u>	<u>4,030,664</u>	<u>904,614</u>
<u>4,935,278</u>	<u>4,030,664</u>	<u>904,614</u>	<u>3,000</u>	<u>2,596</u>	<u>404</u>	<u>24,805,694</u>	<u>22,803,249</u>	<u>2,002,445</u>
<u>(4,500,278)</u>	<u>(3,595,125)</u>	<u>905,153</u>	<u>(135)</u>	<u>224</u>	<u>359</u>	<u>(5,528,006)</u>	<u>(2,821,008)</u>	<u>2,707,498</u>
0	0	0	0	0	0	0	57,284	57,284
0	0	0	0	0	0	116,561	265,872	149,311
0	0	0	0	0	0	(150,000)	(265,872)	(115,872)
750,000	1,000,000	250,000	0	0	0	976,127	1,228,497	252,370
0	0	0	0	0	0	(1,255,885)	(1,255,597)	288
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(212,500)	(12,500)	200,000
<u>750,000</u>	<u>1,000,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(525,697)</u>	<u>17,684</u>	<u>543,381</u>
<u>(3,750,278)</u>	<u>(2,595,125)</u>	<u>1,155,153</u>	<u>(135)</u>	<u>224</u>	<u>359</u>	<u>(6,054,203)</u>	<u>(2,803,324)</u>	<u>3,250,879</u>
<u>7,121,044</u>	<u>7,121,044</u>	<u>0</u>	<u>10,804</u>	<u>10,804</u>	<u>0</u>	<u>9,374,219</u>	<u>9,374,219</u>	<u>0</u>
<u>185,278</u>	<u>185,278</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>793,185</u>	<u>793,185</u>	<u>0</u>
<u>\$3,556,044</u>	<u>\$4,711,197</u>	<u>\$1,155,153</u>	<u>\$10,669</u>	<u>\$11,028</u>	<u>\$359</u>	<u>\$4,113,201</u>	<u>\$7,364,080</u>	<u>\$3,250,879</u>

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO
Combined Statement of Revenues, Expenses, and Changes in Fund Equity
Proprietary Fund Type and Nonexpendable Trust Fund
For the Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum only)
OPERATING REVENUES:			
Sales	\$279,538	\$0	\$279,538
Interest	0	3,648	3,648
Gifts and Donations	0	2,000	2,000
Total Operating Revenues	<u>279,538</u>	<u>5,648</u>	<u>285,186</u>
OPERATING EXPENSES:			
Salaries	92,236	0	92,236
Fringe Benefits	30,998	0	30,998
Purchased Services	56,204	0	56,204
Cost of Sales	183,823	0	183,823
Depreciation	6,362	0	6,362
Other Operating Expenses	0	3,235	3,235
Total Operating Expenses	<u>369,623</u>	<u>3,235</u>	<u>372,858</u>
Operating Income (Loss)	<u>(90,085)</u>	<u>2,413</u>	<u>(87,672)</u>
NON-OPERATING REVENUES:			
Federal Donated Commodities	17,319	0	17,319
Operating Grants	23,522	0	23,522
Total Non-Operating Revenues	<u>40,841</u>	<u>0</u>	<u>40,841</u>
Net Income Before Operating Transfers	<u>(49,244)</u>	<u>2,413</u>	<u>(46,831)</u>
Operating Transfers-In	27,101	0	27,101
Net Income (Loss)	<u>(22,143)</u>	<u>2,413</u>	<u>(19,730)</u>
Depreciation on Contributed Capital Items	419	0	419
Retained Earnings/Fund Balance			
Beginning of Year, as previously reported	7,962	57,072	65,034
Prior Period Adjustment	22,927	0	22,927
Beginning of Year, as restated	<u>30,889</u>	<u>57,072</u>	<u>87,961</u>
Retained Earnings at End of Year	<u>9,165</u>	<u>59,485</u>	<u>68,650</u>
Contributed Capital at Beginning of Year	9,408	0	9,408
Depreciation on Contributed Capital	(419)	0	(419)
Contributed Capital at End of Year	<u>8,989</u>	<u>0</u>	<u>8,989</u>
Total Fund Equity at End of Year	<u><u>18,154</u></u>	<u><u>59,485</u></u>	<u><u>\$77,639</u></u>

See accompanying Notes to the General Purpose Financial Statements

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO
Combined Statement of Cash Flows
All Enterprise Funds and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise	Nonexpendable Trust	Totals (Memorandum only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$279,538	\$0	279,538
Cash Received from Contributions and Donations	0	2,000	2,000
Cash Received from Operating Interest	0	3,648	3,648
Cash Payments to Suppliers for Goods and Services	(223,234)	0	(223,234)
Cash Payments to Employees for Services	(90,342)	0	(90,342)
Cash Payments for Employee Benefits	(24,423)	0	(24,423)
Cash Payments for Other Expenses	0	(3,235)	(3,235)
Net Cash Used for Operating Activities	<u>(58,461)</u>	<u>2,413</u>	<u>(56,048)</u>
Cash Flows from Capital Financing Activities			
Purchase of Fixed Assets	(844)	0	(844)
Net Cash Used for Capital Financing Activities	<u>(844)</u>	<u>0</u>	<u>(844)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from:			
Operating Grants	23,522	0	23,522
Operating Transfers-Inc	27,101	0	27,101
Net Cash Provided by Noncapital Financing Activities	<u>50,623</u>	<u>0</u>	<u>50,623</u>
Net Increase in Cash and Cash Equivalents	(8,682)	2,413	(6,269)
Cash and Cash Equivalents at Beginning of Year	8,682	57,072	65,754
Cash and Cash Equivalents at End of Year	<u>\$0</u>	<u>\$59,485</u>	<u>\$59,485</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(\$90,085)	\$2,413	(87,672)
Adjustments to Reconcile Operating (Income) Loss to Net Cash Used for Operating Activities			
Depreciation	6,362	0	6,362
Donated Commodities Used During Year	17,319	0	17,319
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	0	0
Increase in Inventory Held for Resale	(724)	0	(724)
Decrease in Materials and Supplies Inventory	441	0	441
Decrease in Accounts Payable	(244)	0	(244)
Increase in Accrued Wages & Benefits	881	0	881
Increase in Compensated Absences	2,801	0	2,801
Increase in Intergovernmental Payables	4,788	0	4,788
Decrease in Deferred Revenue	0	0	0
Net Cash Used For Operating Activities	<u>(\$58,461)</u>	<u>\$2,413</u>	<u>(\$56,048)</u>
Reconciliation of Nonexpendable Trust Fund Cash and Cash Equivalents to Balance Sheet:			
All Fiduciary Fund Types	\$130,780		
Less Expendable Trust Fund	(12,265)		
Less Agency Funds	(59,030)		
Cash and Cash Equivalents-Nonexpendable Trust	<u>\$59,485</u>		

See accompanying Notes to the General Purpose Financial Statements

**Penta County Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The first official body designated as the Penta County Vocational School Board of Education was formed on June 15, 1964. The Penta County Vocational School District (the "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 School District includes sixteen member schools including: Anthony Wayne Local School District (Lucas), Benton Carroll Salem Local School District (Ottawa), Bowling Green City School District, Eastwood Local School District (Wood), Elmwood Local School District (Wood), Genoa Local School District (Ottawa), Lake Local School District (Wood), Maumee City School District (Lucas), North Baltimore Local School District (Wood), Northwood Local School District (Wood), Otsego Local School District (Wood), Springfield Local School District (Lucas), Swanton Local School District (Fulton), Perrysburg Exempted Village School District (Wood), Rossford Exempted Village School District (Wood), Woodmore Local School District (Sandusky).

The School District operates under an elected eleven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of one member from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one member from each of the three least populous counties: Fulton, Ottawa, and Sandusky, and two members from each of the two most populous counties: Lucas and Wood.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Penta County Vocational School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with four organizations: two jointly governed organizations and two insurance purchasing pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio School Boards Workers' Compensation Group Rating Plan, and the Wood County Schools Health Insurance Consortium. Information about these organizations is presented in Notes 16 and 17 of the Notes to the General Purpose Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Penta County Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements 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 School District's accounting policies are described below.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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 or trust funds).

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

B. Measurement Focus and Basis of Accounting

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

All proprietary fund types are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time 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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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.

Advances In and Advances Out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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 Wood 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 County Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

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 and object level of expenditures which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal 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 fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

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

During fiscal year 2001, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, treasury notes and federal agency securities.

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.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool management by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price at which the investment could be sold June 30, 2001.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Following State statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credit to the General Fund during fiscal year 2001 amount to \$197,946 which includes approximately \$29,000 assigned from other School District funds.

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

Restricted Assets:

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by state statute and can be used only after receiving approval from the Ohio Department of Education. A fund balance reserve has also been established.

E. 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 are recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable 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 expensed when used.

F. 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 the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in that fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over and estimated useful life of five to twenty years.

G. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

I. 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, compensated absences, contractually required pension and contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used the use of current available financial resources.

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

J. 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 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.

K. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for the endowments represents the amount held by the School District that cannot be expended.

**Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided by the School District to proprietary funds and is not subject to repayment. These assets are recorded at their fair market value on the date donated.

Because the School District had not prepared financial statements in accordance with generally accepted accounting principles prior to June 30, 1991, the amount of contributed capital pertaining to years prior to 1991 cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital. At June 30, 2001, the School District had contributed capital of \$8,989.

M. Estimates

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

N. Total Columns on General Purpose Financial Statements

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

NOTE 3 – ACCOUNTING CHANGES

A. Change in Accounting Principles

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. Implementation of these two standards did not materially affect the general purpose financial statements.

B. Correction of an Error

Retained earnings at July 1, 2000 has been increased by \$22,927 to correct for an error in a prior year relating to Machinery and Equipment of the Enterprise Fund that had been incorrectly expensed instead of being capitalized.

**Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001**

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances/retained earnings at June 30, 2001:

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Skill Center Food Service	\$1,957
Career Education	20,718
Vo Ed Grants	80,055
Title VI	6,774
Enterprise Funds	
Uniform School Supplies	203

The deficits in the special revenue funds, were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Lunchroom enterprise fund is the result of accumulated operating losses from prior years. The School District is reviewing the operation of these funds.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund				
BUDGET Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(\$78,141)	(\$130,282)	(\$2,595,125)	\$224
Revenue and Other Sources Accrual	(121,680)	(103,731)	0	0
Changes in Fair Value	9,908	0	0	0
Expenditures/Expenses Accrual	(140,022)	50,525	18,412	0
Advances In	(146,267)	(119,605)	0	0
Advances Out	161,779	104,093	0	0
Encumbrances	<u>506,793</u>	<u>75,417</u>	<u>72,964</u>	<u>1,237</u>
GAAP Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$192,370</u>	<u>(\$123,583)</u>	<u>(\$2,503,749)</u>	<u>\$1,461</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial 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 State Treasury bills, bonds, notes 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 obligation or security 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;

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 6 - CASH AND CASH EQUIVALENTS (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time for a period not to exceed one hundred eighty days.

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 the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The School District had \$560 in undeposited cash on hand at year end which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Purchase Agreements."

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$5,074,463 and the bank balance was \$5,843,553. Of the bank balance \$200,000 was covered by federal depository insurance, and \$3,400,000 was insured by surety bonds. The remaining amount was uninsured and uncollateralized but was secured by collateralized pools securing all public funds on deposit with specific financial institutions. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 6 - CASH AND CASH EQUIVALENTS (continued)

	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Market Value</u>
STAR Ohio	\$0	\$0	\$1,232,896
Repurchase Agreement	0	837,133	837,133
U.S. Government Agencies	<u>1,007,190</u>	<u>0</u>	<u>1,007,190</u>
Total	<u>\$1,007,190</u>	<u>\$837,133</u>	<u>\$3,077,219</u>

The federal agency securities have maturities ranging from July 2001 through November 2001. The federal agency securities have interest rates ranging from 4.08% and 7.2%.

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$8,152,242	\$0
Cash on Hand:	(560)	0
Investments:		
STAR Ohio	(1,232,896)	1,232,896
Repurchase Agreement	(837,133)	837,133
U.S. Government Agencies	<u>(1,007,190)</u>	<u>1,007,190</u>
GASB Statement No. 3	<u>\$5,074,463</u>	<u>\$3,077,219</u>

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes for calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for calendar year 2001 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001**

NOTE 7 - PROPERTY TAXES (continued)

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes for calendar year 2001 were levied after April 1, 2001, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$666,623 in the General Fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second Half Collections</u>		<u>2001 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$3,467,418,890	75.64%	\$3,870,499,000	77.73%
Public Utility	524,297,680	11.44	508,023,930	10.19
Tangible Personal Property	<u>592,521,089</u>	<u>12.92</u>	<u>605,899,617</u>	<u>12.16</u>
Total Assessed Value	<u>\$4,584,237,659</u>	<u>100.00%</u>	<u>\$4,984,422,547</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation		 \$2.00		 \$2.00

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent and student fees), intergovernmental grants, accrued interest, 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. Student fees are also considered collectible in full due to the withholding of grade cards. A summary of the principle items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
State/Local Funds	\$ 97,395
Special Revenue Fund	
Adult Education - State Funds	42,615
Career Education – Grants Funds	17,635
State Grants	59,000
Adult Basic Literacy Education	2,855
Eisenhower Math/Science	371
Vocational Education – Grant Funds	88,242
IVDL Grant	27,728
Title VI	<u>8,505</u>
Total Special Revenue Funds	<u>246,951</u>
Total Intergovernmental Receivable	<u>\$344,346</u>

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Machinery and Equipment	\$152,328
Less Accumulated Depreciation	(111,873)
Fixed Assets Net of Accumulated Depreciation	<u>\$40,455</u>

A summary of the changes in general fixed assets during fiscal year 2001 is as follows:

	Balance at <u>06/30/00</u>	Additions	Deletions	Balance at <u>06/30/01</u>
Land and Improvements	\$682,709	\$3,676,210	\$41,017	\$4,317,902
Buildings	13,778,530	300,505	0	14,079,035
Furniture and Equipment	5,842,263	655,350	161,391	6,336,222
Vehicles	<u>741,743</u>	<u>71,238</u>	<u>0</u>	<u>812,981</u>
Totals	<u>\$21,045,245</u>	<u>\$4,703,303</u>	<u>\$202,408</u>	<u>\$25,546,140</u>

NOTE 10 - RISK MANAGEMENT

The School 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 2001, the School District contracted with Nationwide Insurance for property, fleet and inland marine coverage and with Nationwide Insurance for liability insurance.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents-Replacement Cost (\$1,000 deductible)	\$35,566,400
Mechanical Breakdown-Limit of Coverage (\$1,000 deductible)	13,004,300
Crime Coverage	50,000
Electronic Data Processing (\$100 deductible)	1,951,250
Business Automobile (\$100 Comprehensive/\$250 Collision Deductibles)	
Combined Single Limit of Liability for Bodily Injury and Property Damage	2,000,000
Uninsured and Underinsured Motorists	2,000,000
Medical Payments	5,000
General Liability	
Each Occurrence Limit	2,000,000
General Aggregate	5,000,000
Fire Damage Limit	100,000
Medical Expense Limit (per person)	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverages from last year.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 10 - RISK MANAGEMENT (continued)

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. Provides administrative, cost control and actuarial services to the Plan.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 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 School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$1,343,344, \$1,266,359, and \$1,108,874, respectively; 79 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$285,806 is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by 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 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$239,265, \$227,396, and \$197,947, respectively; 85 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$35,058, is recorded as a liability within the respective funds and the general long-term obligations account group.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

C. Social Security Tax

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, four board of education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By 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 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$415,000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$178,000 for fiscal year 2001.

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 for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrative support staff earn ten to twenty days of vacation per year, depending upon length of service. Administrators (supervisors, directors, superintendent and treasurer) earn twenty-one days of vacation per year. Accumulated, unused vacation time is paid upon termination of employment. Teachers do not earn vacation time.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 13 - EMPLOYEE BENEFITS (continued)

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 a maximum of two hundred sixty five days for teachers, administrators and administrative support staff, and two hundred sixty days for classified employees. Upon retirement, a severance payment is made which is equal to compensation of one fourth of accrued, but unused sick leave credit to a maximum of sixty six and one-fourth days for teachers, administrators and administrative support staff, and classified employees.

B. Health Care Benefits

The School District offers life insurance and accidental death and dismemberment insurance to most employees through CoreSource. The School District has elected to offer employee medical/surgical and dental benefits through the Wood County Schools Health Insurance Consortium, administered by CoreSource and United Concordia Companies, Inc. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

NOTE 14 - INTERFUND TRANSACTIONS

Interfund balances as of June 30, 2001, consist of the following individual fund receivables and payables:

<u>Interfund Receivables/Payables</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$119,606	\$0
Special Revenue Funds:		
Career Education	0	17,636
Miscellaneous State Grants	0	6,889
Vocational Education	0	88,241
Title VI	<u>0</u>	<u>6,840</u>
Total Special Revenue	<u>0</u>	<u>119,606</u>
Total	<u>\$119,606</u>	<u>\$119,606</u>

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Penta County Vocational School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenue	\$278,567	\$971	\$279,538
Depreciation Expense	6,362	0	6,362
Operating Income (Loss)	(81,647)	(8,438)	(90,085)
Donated Commodities	17,319	0	17,319
Operating Grants	23,522	0	23,522
Net Income (Loss)	(13,705)	(8,438)	(22,143)
Net Working Capital	(2,828)	(202)	(3,030)
Total Assets	45,829	0	45,829
Total Equity	18,356	(202)	18,154

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of the superintendent from each participating school district. The assembly elects a Council which consists of two representatives from each county. The degree of control exercised by any participating school district is limited to its representation on the Council. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry and Williams Counties. Action taken by members of the NBEC in 1998 expanded membership to schools in Lucas and Wood Counties. NBEC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Wood County Schools Health Insurance Consortium

The Wood County Schools Health Insurance Consortium (the Consortium) is a public entity shared risk pool consisting of six local school districts, three city or exempted village school districts, one vocational school district, and the educational service center. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and other benefits to the employees of the participating entities. Dental benefits are provided to the consortium through an insurance purchasing pool. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington National Bank, concerning aspects of the Consortium.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Elaine Shafley, CoreSource, PO Box 6118, Westerville, Ohio, 43081-1014.

NOTE 18 - LONG-TERM OBLIGATIONS

The change during fiscal year 2001 in the School District's compensated absences liability reported in the GLTOAG was an increase of \$104,171 from 1,704,624 to \$1,808,795. Intergovernmental payables increased \$101 from \$6,358 to \$6,459. Compensated absences and intergovernmental payables will be paid from the fund from which the employees' salaries are paid.

Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001

NOTE 19 - OPERATING LEASES

The School District has entered into an operating lease agreement for copiers. This agreement is, in substance, a rental agreement (operating leases), and are classified as operating lease rental payments in the financial statements. The following summarizes future minimum lease payments under the operating lease at June 30, 2001:

<u>Fiscal Year Ending 06/30/01</u>	<u>Payment</u>
2002	\$24,452
2003	17,250

NOTE 20 - SET-ASIDE REQUIREMENTS

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2000	\$0	\$0	\$336,930	\$336,930
Current Year Set-Aside Requirements	431,448	431,448	0	862,896
Qualifying Disbursements	(431,448)	(431,448)	0	(862,896)
Returned to General Fund	<u>0</u>	<u>0</u>	(256,689)	(256,689)
Balance June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$80,241</u>	<u>\$80,241</u>
Total Restricted Assets				<u>\$80,241</u>

Am. Sub. Senate Bill 345 (SB 345), effective April 10, 2001, eliminated the requirement for the budget reserve set-aside established by HB 412. According to SB 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in a budget reserve account as authorized by ORC 5705.13 for use by the board to offset any budget deficit the district may experience in future years. The statute also authorizes the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with ORC 3318, Classroom Facilities. SB 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set-aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the specified purposes and remain restricted assets. As of June 30, 2001, the Board has authorized the non-BWC rebate money of \$256,689 in the budget reserve to be set aside and was designated by the Board to be used for budget stabilization purposes under ORC 5705.13.

NOTE 21- CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2001.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**Penta County Vocational School District
Notes to the General Purpose Financial Statements, Continued
For the Fiscal Year Ended June 30, 2001**

C. School Foundation Program

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of October 16, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

D. School Facilities Construction and Improvement Bonds

At June 30, 2001, the District authorized the issuance of School Facilities Construction and Improvement Bonds up to a maximum of \$5,000,000 for the purpose of constructing school buildings and facilities, furnishing and equipping the facilities, acquisition of land and to reimburse the District's general or permanent improvement funds for amounts previously advanced. As of the date of these financial statements, no bonds have been issued.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass - Through Grantor/ Program Title	Grantor Number	CFDA Number	Award Amount	Cash Balance 7/01/00	Receipts	Advances In/(Out)	Disbursements	Cash Balance 6/30/01
U.S. DEPARTMENT OF EDUCATION								
Supplemental Ed Opportunity Grant	P007A88396	84.007	\$6,963	0	\$6,963	0	\$6,580	383
Fell Grant	1340946365A	84.063	92,260	569	92,260	0	92,638	191
Pass through Ohio Department of Education Ventures in Business Ownership								
VEA-II Funds (Secondary)	VESP-VB000	84.048	30,000	895	1,086	(1,086)	895	0
	Cp II-S00	84.048	341,705	27,408	51,256	(51,256)	27,408	0
	Cp II-A00	84.048	47,679	511	7,152	(7,152)	511	0
	Cp II-S01	84.048	371,501	0	289,856	81,635	341,087	30,414
	Cp II-A01	84.048	52,911	0	51,704	1,207	51,421	1,490
Adult Basic Education - FY 2000	AB-S1-00C	84.002	25,000	0	25,000	0	25,000	0
Adult Basic Education - FY 2001	AB-S1-01	84.002	111,522	0	111,522	0	111,522	0
Title VI - Innovative Ed - FY 00	C2-S1-00	84.298	7,574	0	2,759	2,491	4,278	972
Title VI - Innovative Ed - FY 01	C2-S1-01	84.298	7,185	0	1,293	4,227	4,596	954
Math/Science Subsidy FY 99	MS-S1-99	84.281	3,898	2,771	(164)	0	2,607	0
Math/Science Subsidy FY 00	MS-S1-00	84.281	3,646	1,819	2,553	(724)	3,394	294
Math/Science Subsidy FY 01	MS-S1-01	84.281	3,447	0	3,102	0	488	2,614
Goals 2000 Entry Year Project	G2-03-2000	84.276	28,000	11,700	0	0	9,739	1,961
TOTAL DEPARTMENT OF EDUCATION								
U.S. DEPARTMENT OF AGRICULTURE								
Food Distribution	Nutrition Cluster	10.550		0	17,609	0	17,319	290
Pass through Ohio Department of Education National School Lunch Program								
	Nutrition Cluster	10.555		0	34,453	0	34,453	0
TOTAL DEPARTMENT OF AGRICULTURE								
TOTAL FEDERAL ASSISTANCE								
			\$45,673	\$998,413	\$29,343	\$733,866	\$39,563	



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Education
Penta County Vocational School District
30095 Oregon Road
Perrysburg, OH 43551

We have audited the general-purpose financial statements of Penta County Vocational School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Penta County Vocational School district in a separate letter dated December 3, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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 general-purpose 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 an other matter involving the internal control over financial reporting that we have reported to management of Penta County Vocational School in a separate letter dated December 3, 2001.

This report is intended solely for the information of and use of the Board of Education, management, 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.

Weber O'Brien Ltd.

December 3, 2001



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

Board of Education
Penta County Vocational School District
30095 Oregon Road
Perrysburg, OH 43551

Compliance

We have audited the compliance of Penta County Vocational 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 each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

Board of Education
Page Two

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. However, we noted an other matter involving the internal control over financial reporting that we have reported to management of Penta County Vocational School in a separate letter dated December 3, 2001.

This report is intended solely for the information of and use of the Board of Education, management, 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.

Weber O'Brien, CD.

December 3, 2001

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2001

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Reportable conditions(s) identified not considered to be material weaknesses?	_____ yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
---	--	--------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	<u> X </u> no
---	-----------	-----------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education – Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
--	------------------

Auditee qualified as low risk auditee?	_____ yes	<u> X </u> no
--	-----------	-----------------

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2001

FINDING 00-1: Adult Education Accounts Receivable System

CONDITION: No reconciliation process has been performed by the department over tuition billings, collections, adjustments and accounts receivable on a monthly basis.

No approvals were obtained for adjustments made to the student accounts for dropping courses, correction of errors or bad debt write-offs.

The department has no policy dealing with write-off of uncollectible accounts.

No written policies involving segregation of duties have been established by the department between the procedures of preparing the monthly tuition bills, collection of tuition payments, deposits, or the recording of payments and updating the master files.

CURRENT STATUS: Corrected



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

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2002**