



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

During the year ended June 30, 2001, the School District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 25, 2002

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Washington County Joint Vocational School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,316,113	\$51,910	\$0	\$16,453
Cash with Fiscal and Escrow Agents	0	0	159	0
<u>Receivables:</u>				
Taxes	1,956,027	0	0	0
Accounts	913	0	0	0
Intergovernmental	85,022	88,197	0	0
Interfund	73,749	0	0	0
Due from Other Funds	753	0	0	0
Prepaid Items	25,814	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	25,739	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	106,250	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$3,590,380	 \$140,107	 \$159	 \$16,453

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$831,611	\$83,578	\$0	\$0	\$2,299,665
0	0	0	0	159
0	0	0	0	1,956,027
83,012	0	0	0	83,925
211,609	0	0	0	384,828
0	0	0	0	73,749
55	224	0	0	1,032
5,311	0	0	0	31,125
513	0	0	0	513
18,404	0	0	0	44,143
0	0	0	0	106,250
87,331	0	7,271,157	0	7,358,488
0	0	0	474,857	474,857
<u>\$1,237,846</u>	<u>\$83,802</u>	<u>\$7,271,157</u>	<u>\$474,857</u>	<u>\$12,814,761</u>

(continued)

Washington County Joint Vocational School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$64,933	\$0	\$0	\$0
Accrued Wages and Benefits Payable	287,943	23,990	0	0
Compensated Absences Payable	5,189	260	0	0
Interfund Payable	0	73,749	0	0
Due to Other Funds	279	0	0	0
Intergovernmental Payable	52,036	3,585	0	0
Deferred Revenue	1,884,128	13,342	0	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	159	0
Capital Leases Payable	0	0	0	0
Tax Refund Payable	0	0	0	0
	<u>2,294,508</u>	<u>114,926</u>	<u>159</u>	<u>0</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	76,240	3,048	0	0
Reserved for Inventory	25,739	0	0	0
Reserved for Unclaimed Monies	106	0	0	0
Reserved for Property Taxes	72,589	0	0	0
Reserved for Capital Improvements	77,318	0	0	0
Reserved for Budget Stabilization	28,932	0	0	0
<u>Unreserved:</u>				
Designated	70,747	0	0	0
Undesignated	944,201	22,133	0	16,453
	<u>1,295,872</u>	<u>25,181</u>	<u>0</u>	<u>16,453</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$3,590,380</u></b>	<b><u>\$140,107</u></b>	<b><u>\$159</u></b>	<b><u>\$16,453</u></b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$52,306	\$0	\$0	\$0	\$117,239
93,729	0	0	0	405,662
47,147	0	0	432,330	484,926
0	0	0	0	73,749
753	0	0	0	1,032
17,718	0	0	1,753	75,092
71,832	0	0	0	1,969,302
0	83,802	0	0	83,802
0	0	0	0	159
2,763	0	0	37,340	40,103
0	0	0	3,434	3,434
<u>286,248</u>	<u>83,802</u>	<u>0</u>	<u>474,857</u>	<u>3,254,500</u>
0	0	7,271,157	0	7,271,157
41,412	0	0	0	41,412
910,186	0	0	0	910,186
0	0	0	0	79,288
0	0	0	0	25,739
0	0	0	0	106
0	0	0	0	72,589
0	0	0	0	77,318
0	0	0	0	28,932
0	0	0	0	70,747
0	0	0	0	982,787
<u>951,598</u>	<u>0</u>	<u>7,271,157</u>	<u>0</u>	<u>9,560,261</u>
<u>\$1,237,846</u>	<u>\$83,802</u>	<u>\$7,271,157</u>	<u>\$474,857</u>	<u>\$12,814,761</u>

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Revenues:</u>				
Taxes	\$1,856,297	\$0	\$0	\$1,856,297
Intergovernmental	2,704,699	750,514	31,745	3,486,958
Interest	125,598	0	0	125,598
Tuition and Fees	654	0	0	654
Rent	38,351	0	0	38,351
Customer Services	67,107	0	0	67,107
Miscellaneous	49,917	0	0	49,917
<b>Total Revenues</b>	<b>4,842,623</b>	<b>750,514</b>	<b>31,745</b>	<b>5,624,882</b>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	409,144	775	0	409,919
Special	0	7,748	0	7,748
Vocational	2,251,060	301,514	0	2,552,574
Adult/Continuing	0	10,726	0	10,726
Support Services:				
Pupils	52,904	135,618	0	188,522
Instructional Staff	246,732	26,886	0	273,618
Board of Education	11,011	0	0	11,011
Administration	413,504	90,280	0	503,784
Fiscal	187,900	1,494	0	189,394
Business	42,092	0	0	42,092
Operation of Plant	688,628	0	0	688,628
Central	27,494	83,421	0	110,915
Operation of Non-Instructional Services	6,596	59,465	0	66,061
Extracurricular Activities	5,366	0	0	5,366
Refund of Property Taxes	2,318	0	0	2,318
Capital Outlay	0	0	20,314	20,314
Debt Service:				
Principal Retirement	35,008	0	0	35,008
Interest and Fiscal Charges	7,455	0	0	7,455
<b>Total Expenditures</b>	<b>4,387,212</b>	<b>717,927</b>	<b>20,314</b>	<b>5,125,453</b>
<b>Excess of Revenues Over Expenditures</b>	<b>455,411</b>	<b>32,587</b>	<b>11,431</b>	<b>499,429</b>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	4,439	0	0	4,439
Operating Transfers In	0	4,000	0	4,000
Operating Transfers Out	(36,000)	0	0	(36,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(31,561)</b>	<b>4,000</b>	<b>0</b>	<b>(27,561)</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>423,850</b>	<b>36,587</b>	<b>11,431</b>	<b>471,868</b>
<b>Fund Balances (Deficit) at Beginning of Year - Restated Note 3</b>	<b>886,163</b>	<b>(11,406)</b>	<b>5,022</b>	<b>879,779</b>
<b>Decrease in Reserve for Inventory</b>	<b>(14,141)</b>	<b>0</b>	<b>0</b>	<b>(14,141)</b>
<b>Fund Balances at End of Year</b>	<b>\$1,295,872</b>	<b>\$25,181</b>	<b>\$16,453</b>	<b>\$1,337,506</b>

See accompanying notes to the general purpose financial statements

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,869,889	\$1,870,180	\$291
Intergovernmental	2,670,675	2,639,340	(31,335)
Interest	125,200	125,184	(16)
Tuition and Fees	654	654	0
Rent	32,610	35,193	2,583
Customer Services	67,204	67,046	(158)
Miscellaneous	25,961	33,937	7,976
<b>Total Revenues</b>	<b>4,792,193</b>	<b>4,771,534</b>	<b>(20,659)</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	422,296	419,035	3,261
Special	0	0	0
Vocational	2,483,720	2,323,182	160,538
Adult/Continuing	0	0	0
Support Services:			
Pupils	69,489	61,858	7,631
Instructional Staff	272,482	253,167	19,315
Board of Education	13,740	11,208	2,532
Administration	432,740	423,834	8,906
Fiscal	213,141	191,807	21,334
Business	44,498	43,334	1,164
Operation of Plant	891,259	834,944	56,315
Central	32,950	30,025	2,925
Operation of Non-Instructional Services	10,122	7,130	2,992
Extracurricular Activities	3,500	5,453	(1,953)
Capital Outlay	1,911	0	1,911
Debt Service:			
Principal Retirement	44,396	43,096	1,300
Interest and Fiscal Charges	1,904	1,427	477
<b>Total Expenditures</b>	<b>4,938,148</b>	<b>4,649,500</b>	<b>288,648</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(145,955)</b>	<b>122,034</b>	<b>267,989</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	14,180	14,180	0
Refund of Prior Year Receipts	(5,500)	(2,295)	3,205
Proceeds from Sale of Fixed Assets	3,503	4,439	936
Advances In	88,650	88,650	0
Advances Out	(73,749)	(73,749)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(40,000)	(36,000)	4,000
<b>Total Other Financing Sources (Uses)</b>	<b>(12,916)</b>	<b>(4,775)</b>	<b>8,141</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(158,871)</b>	<b>117,259</b>	<b>276,130</b>
Fund Balances at Beginning of Year	984,805	984,805	0
Prior Year Encumbrances Appropriated	130,503	130,503	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$956,437</b>	<b>\$1,232,567</b>	<b>\$276,130</b>
See accompanying notes to the general purpose financial statements			(continued)

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2001

	<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	724,692	735,475	10,783
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>724,692</b>	<b>735,475</b>	<b>10,783</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,684	2,684	0
Special	7,724	7,724	0
Vocational	311,015	302,945	8,070
Adult/Continuing	10,720	10,720	0
Support Services:			
Pupils	150,704	132,027	18,677
Instructional Staff	31,741	22,237	9,504
Board of Education	0	0	0
Administration	90,998	90,998	0
Fiscal	1,494	1,494	0
Business	0	0	0
Operation of Plant	0	0	0
Central	85,912	83,142	2,770
Operation of Non-Instructional Services	61,783	61,783	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>754,775</b>	<b>715,754</b>	<b>39,021</b>
Excess of Revenues Over (Under) Expenditures	(30,083)	19,721	49,804
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(4,627)	(4,627)	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	73,749	73,749	0
Advances Out	(88,650)	(88,650)	0
Operating Transfers In	4,600	4,000	(600)
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(14,928)</b>	<b>(15,528)</b>	<b>(600)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(45,011)	4,193	49,204
Fund Balances at Beginning of Year	37,149	37,149	0
Prior Year Encumbrances Appropriated	7,520	7,520	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$342)</b>	<b>\$48,862</b>	<b>\$49,204</b>

Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,869,889	\$1,870,180	\$291
31,745	31,745	0	3,427,112	3,406,560	(20,552)
0	0	0	125,200	125,184	(16)
0	0	0	654	654	0
0	0	0	32,610	35,193	2,583
0	0	0	67,204	67,046	(158)
0	0	0	25,961	33,937	7,976
<u>31,745</u>	<u>31,745</u>	<u>0</u>	<u>5,548,630</u>	<u>5,538,754</u>	<u>(9,876)</u>
0	0	0	424,980	421,719	3,261
0	0	0	7,724	7,724	0
22,022	16,424	5,598	2,816,757	2,642,551	174,206
0	0	0	10,720	10,720	0
0	3,890	(3,890)	220,193	197,775	22,418
0	0	0	304,223	275,404	28,819
0	0	0	13,740	11,208	2,532
0	0	0	523,738	514,832	8,906
0	0	0	214,635	193,301	21,334
0	0	0	44,498	43,334	1,164
0	0	0	891,259	834,944	56,315
0	0	0	118,862	113,167	5,695
0	0	0	71,905	68,913	2,992
0	0	0	3,500	5,453	(1,953)
0	0	0	1,911	0	1,911
0	0	0	44,396	43,096	1,300
0	0	0	1,904	1,427	477
<u>22,022</u>	<u>20,314</u>	<u>1,708</u>	<u>5,714,945</u>	<u>5,385,568</u>	<u>329,377</u>
<u>9,723</u>	<u>11,431</u>	<u>1,708</u>	<u>(166,315)</u>	<u>153,186</u>	<u>319,501</u>
0	0	0	14,180	14,180	0
0	0	0	(10,127)	(6,922)	3,205
0	0	0	3,503	4,439	936
0	0	0	162,399	162,399	0
0	0	0	(162,399)	(162,399)	0
0	0	0	4,600	4,000	(600)
0	0	0	(40,000)	(36,000)	4,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,844)</u>	<u>(20,303)</u>	<u>7,541</u>
9,723	11,431	1,708	(194,159)	132,883	327,042
5,022	5,022	0	1,026,976	1,026,976	0
0	0	0	138,023	138,023	0
<u>\$14,745</u>	<u>\$16,453</u>	<u>\$1,708</u>	<u>\$970,840</u>	<u>\$1,297,882</u>	<u>\$327,042</u>

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2001

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$2,335,194
Sales	211,388
Other Revenues	630
Total Operating Revenues	2,547,212
<u>Operating Expenses:</u>	
Salaries and Wages	1,202,466
Fringe Benefits	279,209
Purchased Services	611,941
Materials and Supplies	271,680
Cost of Sales	53,632
Depreciation	10,677
Total Operating Expenses	2,429,605
Operating Income	117,607
<u>Non-Operating Revenues and Expenses:</u>	
Operating Grants	443,183
Federal Donated Commodities	4,226
Interest and Fiscal Charges	(335)
Total Non-Operating Revenues and Expenses	447,074
Income Before Operating Transfers	564,681
Operating Transfers In	32,000
Net Income	596,681
Retained Earnings at Beginning of Year	313,505
Retained Earnings at End of Year	910,186
Contributed Capital at Beginning and End of Year	41,412
Total Fund Equity at End of Year	\$951,598

See accompanying notes to the general purpose financial statements

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$2,383,446	\$2,279,981	(\$103,465)
Sales	199,684	211,388	11,704
Other	450	630	180
Operating Grants	611,631	530,966	(80,665)
Total Revenues	3,195,211	3,022,965	(172,246)
<u>Expenses:</u>			
Salaries and Wages	1,165,775	1,175,526	(9,751)
Fringe Benefits	288,175	286,596	1,579
Purchased Services	790,152	663,382	126,770
Materials and Supplies	400,537	404,315	(3,778)
Capital Outlay	73,106	74,885	(1,779)
Total Expenses	2,717,745	2,604,704	113,041
Excess of Revenues Over Expenses	477,466	418,261	(59,205)
Operating Transfers In	32,000	32,000	0
Excess of Revenues Over Expenses and Operating Transfers	509,466	450,261	(59,205)
Fund Equity at Beginning of Year	118,285	118,285	0
Prior Year Encumbrances Appropriated	95,185	95,185	0
Fund Equity at End of Year	\$722,936	\$663,731	(\$59,205)

See accompanying notes to the general purpose financial statements

Washington County Joint Vocational School District, Ohio  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$2,491,369
Cash Received from Other Operating Revenues	630
Cash Payments to Suppliers for Goods and Services	(906,822)
Cash Payments for Employee Services	(1,175,454)
Cash Payments for Employee Benefits	(286,596)
	<u>123,127</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Transfers In	32,000
Operating Grants Received	530,966
	<u>562,966</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Lease Principal Payments	(1,749)
Capital Lease Interest Payments	(335)
Acquisition of Capital Assets	(73,017)
	<u>(75,101)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(75,101)</u>
Net Increase in Cash and Cash Equivalents	610,992
Cash and Cash Equivalents at Beginning of Year	<u>220,619</u>
Cash and Cash Equivalents at End of Year	<u>\$831,611</u>
Reconciliation of Operating Income to Net <u>Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$117,607</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>	
Depreciation	10,677
Donated Commodities Used During Year	4,226
<u>Changes in Assets and Liabilities:</u>	
Increase in Accounts Receivable	(11,430)
Increase in Intergovernmental Receivable	(47,327)
Decrease in Due from Other Funds	2,263
Increase in Prepays	(5,311)
Increase in Inventory Held for Resale	(291)
Increase in Materials and Supplies Inventory	(36)
Increase in Accounts Payable	25,294
Increase in Accrued Wages and Benefits Payable	18,322
Increase in Compensated Absences Payable	7,157
Increase in Due to Other Funds	753
Increase in Intergovernmental Payable	1,223
	<u>5,520</u>
Total Adjustments	<u>5,520</u>
Net Cash Provided by Operating Activities	<u>\$123,127</u>

See accompanying notes to the general purpose financial statements

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 22 classified employees and 59 certificated employees who provide services to 450 Washington County juniors and seniors and 3,041 adult students through the adult education department evening classes and customized training for business and industry.

*Reporting Entity:*

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

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

The School District participates in the Southeast Ohio Voluntary Educational Consortium and the Coalition of Rural and Appalachian Schools, which are defined as a jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are presented in Notes 20 and 21.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

*GOVERNMENTAL FUND TYPES:*

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

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

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

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

**PROPRIETARY FUND TYPE:**

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

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

**FIDUCIARY FUND TYPE:**

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

**ACCOUNT GROUPS:**

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

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

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

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

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

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 year end.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) 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 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: investment earnings, tuition, grants, and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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 eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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 the 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.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal 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 fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Washington 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 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 fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal 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.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level 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 the level of control. 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 certificate of estimated resources. The Treasurer has been given the authority to allocate appropriations among functions and objects within a fund during the fiscal year. During the fiscal 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 fiscal year for all funds other than agency funds, consistent with statutory provisions.

*Encumbrances:*

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

*Lapsing of Appropriations:*

At the close of each 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 Cash Equivalents

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$125,598, which includes \$34,815 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

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

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets, and the creation of a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

F. Inventory

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the fiscal year in which services are consumed.

H. Fixed Assets and Depreciation

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

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

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

M. Fund Balance Reserves and Designation

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and capital acquisition.

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

The School District has fund balance designations on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute and for money set-aside for textbook and instructional materials purchases.

N. Estimates

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

O. Contributed Capital

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

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

P. Total Columns on General Purpose Financial Statements

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000:

	Special Revenue
Fund Balance at June 30, 2000	(\$36,955)
Implementation of GASB 33	25,549
Adjusted Fund Balance at June 30, 2000	(\$11,406)

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2001, the following funds had deficit fund balances/retained earnings:

Special Revenue Funds:	
Carl Perkins	\$1,031
Observation and Replication Grant	1,500
Enterprise Fund:	
Lunchroom	26,356

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

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

**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 and Actual (Budget Basis), All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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the budget basis and GAAP basis are that:

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

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$423,850	\$36,587	\$11,431
Revenue Accruals	(56,495)	(15,039)	0
Unreported Interest	(414)	0	0
Advances In	88,650	73,749	0
Expenditure Accruals	(64,049)	594	0
Prepaid Items	23,444	0	0
Advances Out	(73,749)	(88,650)	0
Debt Service Principal	(43,096)	0	0
Encumbrances	(180,882)	(3,048)	0
Budget Basis	\$117,259	\$4,193	\$11,431

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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Net Income/Excess of Revenues Over Expenses and Operating Transfers  
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$596,681
Revenue Accruals	31,321
Unreported Items	1,249
Expense Accruals	41,887
Prepaid Items	5,311
Capital Outlay	(74,885)
Depreciation Expense	10,677
Encumbrances	<u>(161,980)</u>
Budget Basis	<u>\$450,261</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$707,000 and the bank balance was \$930,736. Of the bank balance, \$151,124 was covered by federal depository insurance and \$779,612 was uninsured and uncollateralized. 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 required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAROhio at June 30, 2001, was \$1,699,049.

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,406,074	\$0
Cash on Hand	(25)	0
Investment in STAROhio	(1,699,049)	1,699,049
GASB Statement 3	\$707,000	\$1,699,049

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true 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.

Washington County Joint Vocational School District, Ohio  
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Tangible personal property taxes 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 assessed values upon which the fiscal year 2001 taxes were collected for Washington County 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	\$651,190,960	61%	\$659,957,710	59%
Public Utility	207,333,670	19%	209,096,700	19%
Tangible Personal Property	<u>216,071,840</u>	<u>20%</u>	<u>255,385,950</u>	<u>22%</u>
Total Assessed Value	<u>\$1,074,596,470</u>	<u>100%</u>	<u>\$1,124,440,360</u>	<u>100%</u>

Tax Rate per \$1,000 of Assessed Valuation	\$1.80	\$1.80
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The School District receives property taxes from Washington, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. 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 levied to finance current fiscal year operations. The amount available as an advance at June 30, 2001, was \$72,589 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2000, was \$86,472.

Washington County Joint Vocational School District, Ohio  
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NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Rent	\$3,158
Homestead and Rollback	72,524
Miscellaneous Reimbursements	<u>9,340</u>
Total General Fund	<u>85,022</u>
Special Revenue Funds:	
Career Development Grant	11,792
Full Service Grant	3,000
High Schools that Work	9,200
Eisenhower	94
Carl Perkins	42,861
Kids on Campus	8,748
Adult Carl Perkins	11,002
Observation and Replication Grant	<u>1,500</u>
Total Special Revenue Funds	<u>88,197</u>
Enterprise Fund:	
Adult Education	<u>211,609</u>
Total Intergovernmental Receivables	<u><u>\$384,828</u></u>

NOTE 9 - FIXED ASSETS

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

Furniture and Equipment	\$139,999
Less: Accumulated depreciation	<u>(52,668)</u>
Net Fixed Assets	<u><u>\$87,331</u></u>

Washington County Joint Vocational School District, Ohio  
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A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance at 06/30/00	Additions	Reductions	Balance at 06/30/01
Land	\$48,000	\$0	\$0	\$48,000
Buildings	4,797,488	0	0	4,797,488
Furniture, Fixtures and Equipment	2,141,289	288,308	34,499	2,395,098
Vehicles	26,471	9,900	5,800	30,571
<b>Total</b>	<b>\$7,013,248</b>	<b>\$298,208</b>	<b>\$40,299</b>	<b>\$7,271,157</b>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with the following insurance companies for coverage:

Nationwide Insurance Company	
General Liability	
Per Occurrence	\$2,000,000
Aggregate	5,000,000
Personal Service Insurance Company through Schwendeman Sigafoos Insurance Agency	
Automobile Liability	1,000,000
Comprehensive (\$100 deductible)	
Collisions (\$500 deductible)	
Utica National Insurance Company through Schwendeman Sigafoos Insurance Agency	
Building and Contents - replacement cost (\$1,000 deductible)	15,745,900
Inland Marine (\$100 deductible)	466,110
Cincinnati Insurance Company through Schwendeman Sigafoos Insurance Agency	
Boiler and Machinery (\$1,000 deductible)	5,000,000

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

Washington County Joint Vocational School District, Ohio  
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B. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$187,047, \$173,855, and \$165,743, respectively; 90.93 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$16,962 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
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B. School Employees Retirement System

Washington County Joint Vocational School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 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 at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$24,766, \$31,736, and \$44,921, respectively; equal to the actual contributions for each fiscal year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education had 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 non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS 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 \$249,396 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the 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 fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$61,450.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 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 receiving health care benefits.

Washington County Joint Vocational School District, Ohio  
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NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days. Upon retirement, employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 65 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 78 days for employees having fifteen or more years of service.

B. Insurance Benefits

The School District provides medical/surgical benefits through Anthem Blue Cross Blue Shield. The School District pays the total cost of individual plans and ninety percent of the monthly family coverage premiums.

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

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

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

Washington County Joint Vocational School District, Ohio  
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Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$131,276, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$35,008 in the General Fund and \$1,749 in the Adult Education Enterprise Fund.

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

	<u>GLTOAG</u>	<u>Enterprise</u>	<u>Total</u>
Fiscal Year:			
2002	\$18,725	\$2,084	\$20,809
2003	12,386	868	13,254
2004	7,622	0	7,622
2005	<u>3,176</u>	<u>0</u>	<u>3,176</u>
Total	41,909	2,952	44,861
Less: Amount Representing Interest	<u>(4,569)</u>	<u>(189)</u>	<u>(4,758)</u>
Present Value of Net Minimum Lease Payments	<u>\$37,340</u>	<u>\$2,763</u>	<u>\$40,103</u>

NOTE 15 - NOTES PAYABLE

The changes in the School District's notes payable during fiscal year 2001 were as follows:

	<u>Outstanding 06/30/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 06/30/01</u>
General Fund: Loan - 7.75%	\$43,096	\$0	\$43,096	\$0

The School District was approved for a line of credit of \$412,000 from Citicorp North America in April, 1991, for temperature control and roof improvements. The School District borrowed the full amount of the approved credit. Final payment on the loan was made during the year.

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
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**NOTE 16 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Outstanding <u>06/30/00</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>06/30/01</u>
Compensated Absences	\$414,614	\$73,172	\$55,456	\$432,330
Tax Refund	5,752	0	2,318	3,434
Capital Leases Payable	72,348	0	35,008	37,340
Long-Term Pension Liability	<u>2,435</u>	<u>1,753</u>	<u>2,435</u>	<u>1,753</u>
<b>Total Long-Term Obligations</b>	<u><b>\$495,149</b></u>	<u><b>\$74,925</b></u>	<u><b>\$95,217</b></u>	<u><b>\$474,857</b></u>

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

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

The School District's overall legal debt margin was \$101,199,632, with an unvoted debt margin of \$1,124,440 at June 30, 2001.

Requirements to retire the Tax Refund obligation at June 30, 2001, are as follows:

Fiscal Year <u>Ending June 30,</u>	
2002	\$2,317
2003	<u>1,117</u>
<b>Total</b>	<u><b>\$3,434</b></u>

Washington County Joint Vocational School District, Ohio  
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NOTE 17 - INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions are follows:

<u>Fund Type/Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$73,749</u>	<u>\$0</u>
Special Revenue Funds:		
Observation and Replication	0	1,500
Cark Perkins	0	42,861
Miscellaneous Federal Grants	0	3,594
Career Development	0	11,792
Adult Vocational Full Service	0	3,000
Adult Perkins	<u>0</u>	<u>11,002</u>
Total Special Revenue Funds	<u>0</u>	<u>73,749</u>
 Total	 <u>\$73,749</u>	 <u>\$73,749</u>

Also at June 30, 2001, the General Fund owed \$55 to the Adult Education Enterprise Fund and \$224 to the Student Activities Agency Fund; and the Adult Education Enterprise Fund owed \$753 to the General Fund for services provided.

NOTE 18 - SET-ASIDE CALCULATIONS

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

Washington County Joint Vocational School District, Ohio  
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The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Budget Stabilization Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>
Set-aside Reserve Balance as of June 30, 2000	\$69,251	\$63,882	\$36,243
Reduction in Budget Stabilization based on Statutory Revision	(40,319)	0	0
Current Fiscal Year Set-Aside Requirement	0	96,099	96,099
Qualifying Disbursements	<u>0</u>	<u>(82,663)</u>	<u>(150,423)</u>
Total	<u>\$28,932</u>	<u>\$77,318</u>	<u>\$(18,081)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$28,932</u>	<u>\$77,318</u>	<u>\$(18,081)</u>
Set-aside Reserve Balance as of June 30,2001	<u>\$28,932</u>	<u>\$77,318</u>	<u>\$0</u>

The School District had qualifying disbursements during the previous and current fiscal year that reduced the textbook and instructional materials set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

Washington County Joint Vocational School District, Ohio  
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**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of the lunchroom, uniform school supplies, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Washington County Joint Vocational School District as of and for the fiscal year ended June 30, 2001.

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenues	\$56,952	\$18,514	\$2,471,746	\$2,547,212
Depreciation Expense	2,039	1,321	7,317	10,677
Operating Income (Loss)	(40,672)	4,466	153,813	117,607
Operating Grants	16,958	0	426,225	443,183
Donated Commodities	4,226	0	0	4,226
Interest and Fiscal Charges	0	0	(335)	(335)
Operating Transfers In	32,000	0	0	32,000
Net Income	12,512	4,466	579,703	596,681
Net Working Capital	(3,676)	28,511	889,342	914,177
Fixed Asset Additions	16,525	0	56,492	73,017
Fixed Asset Deletions	1,207	0	399	1,606
Total Assets	20,552	32,883	1,184,411	1,237,846
Long-Term Compensated Absences Payable	2,955	0	44,192	47,147
Total Equity	10,819	32,883	907,896	951,598
Encumbrances at June 30, 2001	0	0	161,980	161,980

Washington County Joint Vocational School District, Ohio  
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NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTE 21 - INSURANCE PURCHASING POOL

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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NOTE 22 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is 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 would result in an increase in State funding for most Ohio school districts. However, as of January 25, 2002, 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.

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

NOTE 23 - CONTINGENCIES

A. Grants

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

Washington County Joint Vocational School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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B. Litigation

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

WASHINGTON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
WASHINGTON COUNTY

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$4,448	\$	\$4,448
National School Lunch Program	51698-LL-P4-01	10.555	16,958		16,958	
Total U.S. Department of Agriculture - Nutrition Cluster			16,958	4,448	16,958	4,448
<b>S. DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot and Demonstration Program	51698-WK-BE-00	17.249	100,000		100,000	
	51698-WK-BE-01	17.249	15,783		15,783	
Total Employment Services and Job Training Pilot and Demonstration Program			115,783		115,783	
Total U.S. Department of Labor			115,783		115,783	
<b>S. DEPARTMENT OF EDUCATION</b>						
<i>Direct from Federal Government:</i>						
Federal Pell Grant Program	N/A	84.063	61,783		61,783	
<i>Passed Through Ohio Department of Education:</i>						
Vocational Education - Basic Grants to States	51698-20-A5-01	84.048	8,500		10,000	
	51698-20-C1-00	84.048	28,898		49,760	
	51698-20-C2-00	84.048	8,661		8,661	
	51698-20-C1-01		155,882		174,498	
	51698-20-C2-01		62,343		73,345	
Total Vocational Education - Basic Grants to to States			264,284		316,264	
Innovative Educational Program Strategies (Title VI)	51698-C2-S1-01	84.298	2,367		2,367	
	51698-C2-S1-99	84.298	301		301	
	51698-C2-S1-00	84.298	1,415		1,415	
Total Title VI			4,083		4,083	
Dwight D. Eisenhower Professional Development Program	51698-MS-S1-00	84.281			466	
	51698-MS-S1-01	84.281	1,022			
	51698-MS-S1-99	84.281	(628)			
Total Eisenhower Program			394		466	
Continuous Improvement Implementation Program	51698-G2-S6-99	84.276	12,000		3,109	
	51698-G2-S6-00	84.276	40,000		51,131	
Total Continuous Improvement Program			52,000		54,240	
Total U.S. Department of Education			382,544		436,836	
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$515,285</b>	<b>\$4,448</b>	<b>\$569,577</b>	<b>\$4,448</b>

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

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

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Washington County Joint Vocational School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated January 25, 2002, which indicated the School District adopted Governmental Accounting Statement No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 25, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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.

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

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

**Jim Petro**  
Auditor of State

January 25, 2002



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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Washington County Joint Vocational School District, Washington County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

January 25, 2002

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

There were no findings related to the financial statements.

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to federal awards.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WASHINGTON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 26, 2002**