

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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Board of Education
Wayne County Joint Vocational School District
518 West Prospect Street
Smithville, Ohio 44677-9562

We have reviewed the Independent Auditor's Report of the Wayne County Joint Vocational School District, Wayne County, prepared by Knox & Knox, CPAs, for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 22, 2003

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WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE COUNTY

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KNOX & KNOX

Accountants and Consultants

REPORT OF INDEPENDENT ACCOUNTANTS

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, Ohio 44677

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2002, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wayne County Joint Vocational School District, Wayne County, as of June 30, 2002, 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 State of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 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 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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KNOX & KNOX

Orrville, Ohio
December 27, 2002

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**Wayne County Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
<u>Assets:</u>				
Equity in Poded Cash Equivalents	\$2,490,413	\$342,468	\$ 0	\$281,537
<u>Receivables:</u>				
Taxes	4,119,977	0	0	0
Accounts	11,210	135	0	0
Intergovernmental	27	64,996	0	0
Accrued Interest	7,302	0	0	0
Interfund Receivable	160,124	0	0	0
Materials and Supplies				
Inventory	50,038	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	277,462	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	<u>\$7,116,553</u>	<u>\$407,599</u>	<u>\$ 0</u>	<u>\$281,537</u>
 <u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 42,968	\$ 8,174	\$ 0	\$13,997
Accrued Wages	547,452	74,956	0	0
Compensated Absences Payable	11,428	0	0	0
Interfund Payable	0	245,389	0	0
Intergovernmental Payable	98,303	13,049	0	0
Deferred Revenue	3,699,824	85,490	0	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
Total Liabilities	<u>4,399,975</u>	<u>427,058</u>	<u>0</u>	<u>13,997</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	148,066	51,064	0	25,225
Reserved for Inventory	50,038	0	0	0
Reserved for Property Taxes	420,152	0	0	0
Reserved Budget Stabilization	277,462	0	0	0
<u>Unreserved:</u>				
Undesignated	1,820,860	(70,523)	0	242,315
Total Fund Equity and Other Credits	<u>2,716,578</u>	<u>(19,459)</u>	<u>0</u>	<u>267,540</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,116,553</u>	<u>\$407,599</u>	<u>\$ 0</u>	<u>\$ 281,537</u>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations		
Enterprise	Agency				
\$521,189	\$44,956	\$ 0	\$ 0	\$3,680,563	
0	0	0	0	4,119,977	
245,150	5,716	0	0	262,211	
96,143	0	0	0	161,166	
0	0	0	0	7,302	
85,265	0	0	0	245,389	
18,954	0	0	0	68,992	
0	0	0	0	277,462	
152,012	0	10,625,000	0	10,777,012	
0	0	0	298,967	298,967	
<u>\$1,118,713</u>	<u>\$ 50,672</u>	<u>\$10,625,000</u>	<u>\$298,967</u>	<u>\$ 19,899,041</u>	
\$35,597	\$ 4,105	\$ 0	\$ 0	\$104,841	
79,072	0	0	0	701,480	
26,479	0	0	165,631	203,538	
0	0	0	0	245,389	
17,821	0	0	11,505	140,678	
0	0	0	0	3,785,314	
0	7,145	0	0	7,145	
0	39,422	0	0	39,422	
0	0	0	121,831	121,831	
<u>158,969</u>	<u>50,672</u>	<u>0</u>	<u>298,967</u>	<u>5,349,638</u>	
0	0	10,625,000	0	10,625,000	
959,744	0	0	0	959,744	
0	0	0	0	224,355	
0	0	0	0	50,038	
0	0	0	0	420,152	
0	0	0	0	277,462	
0	0	0	0	1,992,652	
<u>959,744</u>	<u>0</u>	<u>10,625,000</u>	<u>0</u>	<u>14,549,403</u>	
<u>\$1,118,713</u>	<u>\$50,672</u>	<u>\$10,625,000</u>	<u>\$298,967</u>	<u>\$19,899,041</u>	

**Wayne County Joint Vocational School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002**

<u>Revenues</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Property and Other Taxes	\$4,063,619	\$ 0	\$0	\$0
Intergovernmental	4,448,560	1,147,699	0	2,500
Interest	93,383	0	0	0
Tuition and Fees	0	45,297	0	0
Rent	1,535	0	0	0
Gifts and Donations	0	30,727	0	0
Customer Service	112,955	5,636	0	0
Miscellaneous	<u>6,316</u>	<u>138</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>8,726,368</u>	<u>1,229,497</u>	<u>0</u>	<u>2,500</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	820,921	42,555	0	0
Special	0	32,026	0	0
Vocational	4,280,521	48,203	0	0
Adult/Continuing	0	357,297	0	0
Support Services:				
Pupils	284,156	284,637	0	0
Instructional Staff	532,271	83,662	0	8,500
Board of Education	20,904	0	0	0
Administration	754,742	103,230	0	0
Fiscal	339,353	16,483	0	0
Operation and Maintenance of Plant	1,013,615	26,466	0	0
Pupil Transportation	36,241	3,604	0	0
Central	0	82,430	0	0
Operation of Non-Instructional Services	0	271,579	0	0
Extracurricular Activities	0	226	0	0
Capital Outlay	0	0	0	19,773
Debt Service:				
Principal Retirement	0	0	57,456	0
Interest and Fiscal Charges	0	0	5,253	0
Intergovernmental	<u>0</u>	<u>41,476</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>8,082,724</u>	<u>1,393,874</u>	<u>62,709</u>	<u>28,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>643,644</u>	<u>(164,377)</u>	<u>(62,709)</u>	<u>(25,773)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0	0	62,709	0
Operating Transfers Out	(64,409)	0	0	0
Proceeds from Sale of Fixed Assets	<u>32,120</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(32,289)</u>	<u>0</u>	<u>62,709</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	611,355	(164,377)	0	(25,773)
Fund Balances at Beginning of Year	2,114,509	144,918	0	293,313
Residual Equity Transfer Out	(1,000)	0	0	0
Decrease in Reserve for Inventory	<u>(8,286)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$2,716,578</u>	<u>(\$ 19,459)</u>	<u>\$ 0</u>	<u>\$267,540</u>

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

Totals
(Memorandum
Only)

\$4,063,619
5,598,759
93,383
45,297
1,535
30,727
118,591
6,454

9,958,365

863,476
32,026
4,328,724
357,297

568,793
624,433
20,904
857,972
355,836
1,040,081
39,845
82,430
271,579
226
19,773

57,456
5,253
41,476

9,567,580

390,785

62,709
(64,409)
32,120

30,420

421,205
2,552,740

(1,000)
(8,286)

\$2,964,659

**Wayne County Joint Vocational School District
 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, 2002**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 4,310,000	\$ 4,448,746,	\$ 138,746
Interest	135,000	94,038	(40,962)
Tuition and Fees	0	0	0
Rent	0	1,535	1,535
Gifts and Donations	0	0	0
Customer Services	45,000	113,154	68,154
Property and Other Local Taxes	4,145,000	4,212,979	67,979
Miscellaneous	62,500	1,308	(61,192)
Total Revenues	<u>8,697,500</u>	<u>8,871,760</u>	<u>174,260</u>
Expenditures			
Current:			
Instruction:			
Regular	897,470	872,168	25,302
Special	0	0	0
Vocational	4,394,121	4,303,164	90,957
Adult/Continuing	0	0	0
Support services:			
Pupils	335,232	291,150	44,082
Instructional Staff	588,040	529,348	58,692
Board of Education	23,640	20,903	2,737
Administration	796,736	754,626	42,110
Fiscal	348,133	340,471	7,662
Operation and Maintenance of Plant	1,173,945	1,052,133	121,812
Pupil Transportation	41,251	38,897	2,354
Central	0	0	0
Non-Instructional Services	0	0	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
Intergovernmental	0	0	0
Total Expenditures	<u>8,598,568</u>	<u>8,202,860</u>	<u>395,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>98,932</u>	<u>668,900</u>	<u>569,968</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	32,120	32,120
Advances In	210,000	149,057	(60,943)
Other Financing Sources	(88,237)	(65,409)	22,828
Operating Transfers Out	0	0	0
Advances Out	(190,000)	(160,124)	29,876
Total Other Financing Sources (Uses)	<u>(68,237)</u>	<u>(44,356)</u>	<u>23,881</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	30,695	624,544	593,849
Fund Balances at Beginning of Year	1,859,405	1,859,405	0
Prior Year Encumbrances Appropriated	<u>109,068</u>	<u>109,068</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,999,168</u>	<u>\$2,593,017</u>	<u>\$593,849</u>

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

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,359,934	\$1,137,225	(\$222,709)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	45,297	45,297	0	0	0
0	0	0	0	0	0
0	30,727	30,727	0	0	0
70,000	5,636	(64,364)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,429,934</u>	<u>1,218,885</u>	<u>(211,049)</u>	<u>0</u>	<u>0</u>	<u>0</u>
68	38,411	(38,343)	0	0	0
274	31,346	(31,072)	0	0	0
66,501	90,501	(24,000)	0	0	0
382,671	343,509	39,162	0	0	0
307,588	280,831	26,757	0	0	0
323,530	87,884	235,646	0	0	0
0	0	0	0	0	0
106,920	99,578	7,342	0	0	0
20,683	16,483	4,200	0	0	0
36,264	29,849	6,415	0	0	0
6,866	3,908	2,958	0	0	0
91,801	91,690	111	0	0	0
271,214	272,934	(1,720)	0	0	0
0	226	(226)	0	0	0
0	0	0	0	0	0
0	0	0	57,456	57,456	0
0	0	0	5,253	5,253	0
45,757	45,757	0	0	0	0
<u>1,660,137</u>	<u>1,432,907</u>	<u>227,230</u>	<u>62,709</u>	<u>62,709</u>	<u>0</u>
<u>(230,203)</u>	<u>(214,022)</u>	<u>16,181</u>	<u>(62,709)</u>	<u>(62,709)</u>	<u>0</u>
0	0	0	62,709	62,709	0
0	0	0	0	0	0
0	245,389	245,389	0	0	0
0	0	0	0	0	0
(564)	(564)	0	0	0	0
0	(149,057)	(149,057)	0	0	0
<u>(564)</u>	<u>95,768</u>	<u>96,332</u>	<u>62,709</u>	<u>62,709</u>	<u>0</u>
(230,767)	(118,254)	112,513	0	0	0
344,832	344,832	0	0	0	0
<u>57,725</u>	<u>57,725</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 171,790</u>	<u>\$ 284,303</u>	<u>\$ 112,513</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Wayne County Joint Vocational School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002**

	<u>Capital Projects</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Property and Other Local Taxes	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support services:			
Pupils	0	0	0
Instructional Staff	8,500	8,500	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	50,000	0	50,000
Pupil Transportation	0	0	0
Central	0	0	0
Non-instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	225,000	44,998	180,002
Debt Service:			
Principal Retirement	0	0	0
Interest and Financial Charges	0	0	0
Inter-Governmental	0	0	0
Total Expenditures	<u>283,500</u>	<u>53,498</u>	<u>230,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(283,500)</u>	<u>(53,498)</u>	<u>230,002</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	0	0
Proceeds From Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Other Financing Sources	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(283,500)</u>	<u>(53,498)</u>	<u>230,002</u>
Fund Balances at Beginning of Year	289,813	289,813	0
Prior Year Encumbrances Appropriated	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,313</u>	<u>\$ 242,315</u>	<u>\$ 230,002</u>

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

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,669,934	\$5,585,971	(\$ 83,963)
135,000	94,038	(40,962)
0	45,297	45,297
0	1,535	1,535
0	30,727	30,727
115,000	118,790	3,790
4,145,000	4,212,979	67,979
<u>62,500</u>	<u>1,308</u>	<u>(61,192)</u>
<u>10,127,434</u>	<u>10,090,645</u>	<u>(36,789)</u>
897,538	910,579	(13,041)
274	31,346	(31,072)
4,460,622	4,393,665	66,957
382,671	343,509	39,162
642,820	571,981	70,839
920,070	625,732	294,338
23,640	20,903	2,737
903,656	854,204	49,452
368,816	356,954	11,862
1,260,209	1,081,982	178,227
48,117	42,805	5,312
91,801	91,690	111
271,214	272,934	(1,720)
0	226	(226)
225,000	44,998	180,002
57,456	57,456	0
5,253	5,253	0
<u>45,757</u>	<u>45,757</u>	<u>0</u>
<u>10,604,914</u>	<u>9,751,974</u>	<u>852,940</u>
<u>(477,480)</u>	<u>338,671</u>	<u>816,151</u>
62,709	62,709	0
0	32,120	32,120
210,000	394,446	184,446
(88,237)	(65,409)	22,828
(564)	(564)	0
<u>(190,000)</u>	<u>(309,181)</u>	<u>(119,181)</u>
<u>(6,092)</u>	<u>114,121</u>	<u>120,213</u>
(483,572)	452,792	936,364
2,494,050	2,494,050	0
<u>172,793</u>	<u>172,793</u>	<u>0</u>
<u>\$2,183,271</u>	<u>\$3,119,635</u>	<u>\$ 936,364</u>

**Wayne County Joint Vocational School District
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2002**

	Proprietary Fund Type
	<u>Enterprise</u>
<u>Operating Revenues</u>	
Tuition	\$637,015
Sales	314,131
Charges for Services	<u>385,960</u>
Total Operating Revenue	<u>1,337,106</u>
<u>Operating Expenses</u>	
Salaries	1,067,020
Fringe Benefits	286,401
Purchased Services	122,537
Materials and Supplies	282,462
Cost of Sales	100,573
Depreciation	20,371
Capital Outlay	32,154
Other Operating Expenses	<u>2,300</u>
Total Operating Expenses	<u>1,913,818</u>
Operating (Loss)	<u>(576,712)</u>
<u>Non-Operating Revenues</u>	
Federal Donated Commodities	17,840
Interest	73
Federal and State Subsidies	483,079
Loss on Sale of Fixed Assets	<u>(7,586)</u>
Total Non-Operating Revenues	<u>493,406</u>
Income Before Operating Transfers	(83,306)
Operating Transfers In	<u>1,700</u>
Net (Loss)	(81,606)
Retained Earnings at Beginning of Year	<u>1,041,350</u>
Retained Earnings at End of Year	<u>\$ 959,744</u>

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

**Wayne County Joint Vocational School District
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2002**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$698,883
Cash Received from Tuition Payments	693,686
Cash Payments to Suppliers for Goods and Services	(543,349)
Cash Payments to Employees for Services	(1,048,956)
Cash Payments for Employee Benefits	(285,697)
Other Operating Expenses	<u>(2,300)</u>
Net Cash (Used for) Operating Activities	<u>(487,733)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating Transfers In	1,700
Operating Grants Received	556,189
Short-Term Loans to Other Funds	<u>(85,265)</u>
Net Cash Provided by Noncapital Financing Activities	<u>472,624</u>
<u>Cash Flows from Capital and Related Financial Activities</u>	
Acquisition of Capital Assets	<u>(38,790)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(38,790)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>73</u>
Net Cash Provided by Investing Activities	<u>73</u>
Net (Decrease) in Cash and Cash Equivalents	(53,826)
Cash and Cash Equivalents at Beginning of Year	<u>575,015</u>
Cash and Cash Equivalents at End of Year	<u>\$521,189</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) <u>Operating Activities</u>	
Operating (Loss)	(\$576,712)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	20,371
Donated Commodities Used During Year	15,282
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	143,853
(Increase)/Decrease in Due from Other Governments	(88,389)
(Increase)/Decrease in Inventory Held for Resale	1,630
(Increase)/Decrease in Materials and Supplies Inventory	5,943
Increase/(Decrease) in Accounts Payable	(28,436)
Increase/(Decrease) in Accrued Wages and Benefits	22,122
Increase/(Decrease) in Compensated Absences Payable	(4,058)
Increase/(Decrease) in Intergovernmental Payable	704
Increase/(Decrease) in Deferred Revenue	<u>(43)</u>
Total Adjustments	<u>88,979</u>
Net Cash (Used for) Operating Activities	<u><u>(\$487,733)</u></u>

Non-Cash Noncapital Financing Activities

Federal Donated Commodities in the amount of \$2,708 were recorded as revenue when received.

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

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**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE I - DESCRIPTION OF THE ENTITY

The Wayne County Joint Vocational School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under an appointed nine-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 42 noncertificated employees, 89 certificated full-time teaching personnel and 8 administrators who provide services to 676 students and other community members.

The Wayne County Joint Vocational School District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations form the oversight unit and will be included as part of the 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 are not misleading. The stand-alone government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District this includes general operations, food service, adult education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority for the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the Wayne County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

BASIS OF PRESENTATION - FUND ACCOUNTING

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is based upon the determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than 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 debt principal, interest and related costs.

Capital Project Fund

The capital projects fund is used to account for financial resources to be expended for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) in accounting and reporting issued on or before November 30, 1989 for its proprietary operations. The following is the District's proprietary fund type:

Enterprise Funds

Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the District 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 (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

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

Agency Funds

These funds are purely custodial in nature and thus do not involve the 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 long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District, except those accounted for in the proprietary funds.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds 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 Combined Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year end.

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

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue. In the proprietary fund type, unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. 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.

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation 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 legal level of budgetary control is at the object level within each function for all funds, except the special revenue funds. The legal level of budgetary control is at the fund level for the special revenue funds. Budgetary modifications 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. No later than January 20, the Board-adopted budget is filed with the Wayne 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 Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered 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 District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2002.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the legal levels of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter total object appropriations within functions must be approved by the Board of Education. The Board may pass supplemental appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either reallocate, increase or decrease the original appropriated amounts. During the fiscal year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

Lapsing of Appropriations

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

CASH AND CASH EQUIVALENTS

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonparticipating investment contracts such as overnight repurchase agreements and non-negotiable certificates of deposit are reported at cost.

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 2002 amounted to \$ 93,383, which includes \$ 30,686 assigned from other 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 District are considered to be cash equivalents,

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve may be used by the District to offset any budget deficit the District may experience in future fiscal years. A fund balance reserve has also been established.

INVENTORY

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

FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 eight to twenty years.

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Exchange transactions are those in which each party to a transaction gives and receives essentially something of equal value. Proprietary funds, where the full accrual basis of accounting is used, record revenue when the exchange takes place. Governmental funds, where the modified accrual basis of accounting is used, record revenue in the fiscal year in which the resources are both measurable and available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes available as an advance at June 30, are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenues are both measurable and available. 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 District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Receivable/Payable".

COMPENSATED ABSENCES

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

FUND BALANCE RESERVES

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property tax advances and budget stabilization.

INTERFUND TRANSACTIONS

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

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

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

Adjustments necessary to convert the results of operations at the end of the fiscal year on the budget basis to the GAAP basis are as follows:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 611,355	(\$164,377)	\$0	(\$25,773)
Net Adjustment for Revenue Accruals	294,449	234,777	0	(2,500)
Net Adjustment for Expenditure Accruals	(456,117)	(246,821)	0	(64,447)
Encumbrances	<u>174,857</u>	<u>58,167</u>	<u>0</u>	<u>39,222</u>
Budget Basis	<u>\$624,544</u>	<u>(\$118,254)</u>	<u>\$0</u>	<u>(\$53,498)</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accrual basis of accounting which substantially differs from those recognized on the cash basis of accounting:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Able Jobs	(\$1,108)
Adult Basic Education	(96,892)
Eisenhower Grant	(490)
Vocational Education	(37,087)
Title VI	(4,891)
Title I	(51,183)

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes require the classification of monies held by the District into three categories.

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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. Interim monies are permitted to be deposited or invested in the following securities:

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Cash on Hand

At fiscal year end, the District had \$350 in undeposited cash on hand which is included on the Combined Balance Sheet of the 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 Purchase Agreements".

Deposits

At fiscal year end, the carrying amount of the District's deposits was \$2,437,675 and the bank balance was \$2,494,418. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$2,194,418 was held in collateral pools with no specification for whom such funds are held which is considered to be uninsured and uncollateralized as defined by GAS Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	<u>Carrying Amount</u>	
	<u>3</u>	<u>Fair Value</u>
Overnight Repurchase Agreements	<u>\$1,520,000</u>	<u>\$1,520,000</u>
Total Investments	<u>\$1,520,000</u>	<u>\$1,520,000</u>

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$3,958,025	\$ 0
Investments in the Cash Management Pool:		
Overnight Repurchase Agreements	(1,520,000)	1,520,000
Cash on Hand	<u>(350)</u>	<u>0</u>
GASB Statement No. 3	<u>\$2,437,675</u>	<u>\$1,520,000</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25% of true value.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2002**

NOTE 6 - PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 2002 taxes were collected are:

2001 Second Half

Real Property:

	<u>Residential Agriculture</u>	<u>Commercial/Industrial</u>	<u>Public Utilities</u>
Wayne County	\$1,128,647,480	\$267,359,060	\$604,670
Medina County	4,864,920	5,670,580	1,950
Holmes County	24,696,450	3,409,180	0
Stark County	38,630	0	0
Ashland County	<u>3,863,600</u>	<u>131,950</u>	<u>0</u>
Grand Total	<u>\$ 1,162,111,080</u>	<u>\$276,570,770</u>	<u>\$ 606,620</u>
%	63.73%	15.17%	0.03%

Tangible Personal Property:

	<u>General</u>	<u>Public Utilities</u>	<u>Total Assessed Valuation</u>
Wayne County	\$ 279,589,806	\$93,403,030	\$1,769,604,046
Medina County	2,382,270	449,270	13,368,990
Holmes County	6,259,920	1,564,330	35,929,880
Stark County	1,480	440	40,550
Ashland County	<u>44,222</u>	<u>587,060</u>	<u>4,626,832</u>
Grand Total	<u>\$ 288,277,698</u>	<u>\$ 96,004,130</u>	<u>\$1,823,570,298</u>
%	15.81%	5.26%	100%

Tax rate per 1,000 of Assessed Valuation \$4.10

2002 First Half

Real Property:

	<u>Residential Agriculture</u>	<u>Commercial/Industrial</u>	<u>Public Utilities</u>
Wayne County	\$ 1,158,892,420	\$273,562,280	\$ 559,740
Medina County	5,652,300	8,269,770	1,820
Holmes County	27,602,230	3,157,090	0
Stark County	38,630	0	0
Ashland County	<u>3,942,320</u>	<u>129,010</u>	<u>0</u>
Grand Total	<u>\$ 1,196,127,900</u>	<u>\$285,118,150</u>	<u>\$ 561,560</u>
%	64.86%	15.46%	0.03%

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 6 - PROPERTY TAXES (continued)

Tangible Personal Property:

	<u>General</u>	<u>Public Utilities</u>	<u>Total Assessed Valuation</u>
Wayne County	\$282,891,365	\$ 67,715,100	\$1,783,620,905
Medina County	2,936,920	544,510	17,405,320
Holmes County	6,103,350	1,423,980	38,286,650
Stark County	0	0	38,630
Ashland County	<u>286,152</u>	<u>541,960</u>	<u>4,899,442</u>
Grand Total	<u>\$292,217,787</u>	<u>\$ 70,225,550</u>	<u>\$ 1,844,250,947</u>
%	15.84%	3.81%	100%

Tax rate per \$ 1,000 of Assessed Valuation \$4.10

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

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

The Wayne, Medina, Holmes, Stark and Ashland County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2002, is available to finance fiscal year 2002 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, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$420,152. The entire amount was available to the general fund. The amount available as evidence at June 30 is also reflected as a reservation of fund balance for future appropriations.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts, accrued interest and intergovernmental entitlements and 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 items of intergovernmental receivables follows:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 7 - RECEIVABLES (continued)

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General	\$ 27
Special Revenue:	
Adult Basic Education	64,996
Enterprise:	
Adult Education	<u>96,143</u>
Total Intergovernmental Receivables	<u>\$161,166</u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$551,731
Less: Accumulated Depreciation	<u>(399,719)</u>
Net Fixed Assets	<u>\$152,012</u>

A summary of the changes in general fixed assets follows:

	<u>Balance</u> <u>07/01/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2002</u>
Land	\$ 631,834	\$ 0	\$ 0	\$ 631,834
Buildings and Improve- ments	4,665,767	0	0	4,665,767
Furniture and Equipment	4,659,521	291,576	(54,703)	4,896,394
Vehicles	<u>431,005</u>	<u>0</u>	<u>0</u>	<u>431,005</u>
Total	<u>\$ 10,388,127</u>	<u>\$ 291,576</u>	<u>(\$ 54,703)</u>	<u>\$10,625,000</u>

NOTE 9 - RISK MANAGEMENT

General Insurance

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 for each occurrence with a \$250 collision deductible. All administrators and employees are covered under a District liability policy, The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 9 - RISK MANAGEMENT (continued)

Fidelity Bond

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000, The Assistant Treasurer is also covered under a surety bond in the amount of \$10,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

NOTE 10 - CAPITAL LEASES

Changes in long-term obligations of the District from July 1, 2001 through June 30, 2002 were as follows:

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

<u>Issue</u>	<u>Balance 7/01/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2002</u>
Food Processing Building Loan 0.00%, 6/93 - 12/07	\$ 57,183	\$0	(\$8,796)	\$48,387
Energy Conservation Loan 5.25%, 11/93 - 11/03	122,104	0	(48,660)	73,444
Intergovernmental Payable	12,116	11,505	(12,116)	11,505
Compensated Absences Payable	167,741	165,631	(167,741)	165,631
Capital Leases Payable	<u>7,142</u>	<u>0</u>	<u>(7,142)</u>	<u>0</u>
Total General Long-Term Obligations	<u>\$ 366,286</u>	<u>\$ 177,136</u>	<u>(\$244,455)</u>	<u>\$ 298,967</u>

The debt service fund is being used to repay both the Food Processing Building Loan and the Energy Conservation Loan. "Intergovernmental Payable" and "Compensated Absences Payable" will be paid from the fund from which the employee is paid. The Food Processing Building Loan is an interest free loan from the State of Ohio. The loan was made in fiscal year 1993 in the amount of \$181,111. In fiscal year 1994, the District was given approval to borrow monies under HB. 264 for an Energy Retrofit Project. The District borrowed \$418,705 from First National Bank at a stated rate of interest of 5.25%. Principal and interest requirements to maturity for the loans are as follows:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 10 - LONG-TERM OBLIGATIONS

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	60,073	4,020	64,093
2004	30,968	1,414	32,382
2005	8,798	952	9,750
2006	8,798	592	9,390
2007	8,798	329	9,127
Thereafter	<u>4,396</u>	<u>66</u>	<u>4,462</u>
Total	<u>\$ 121,831</u>	<u>\$ 7,373</u>	<u>\$ 129,204</u>

Both loans are backed by the full faith and credit of the District.

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2002 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	<u>\$160,124</u>	<u>\$ 0</u>
Special Revenue:		
Adult Basic Education	0	85,265
Title I	0	88,717
Eisenhower Grant	0	245
Vocational Education	0	66,224
Title VI	<u>0</u>	<u>4,938</u>
Total Special Revenue	<u>0</u>	<u>245,389</u>
Enterprise		
Adult Education	<u>85,265</u>	<u>0</u>
Total	<u>\$ 245,389</u>	<u>\$245,389</u>

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds which are operated on a sales basis: food services, uniform school supplies and adult education. The table below reflects the more significant financial information relating to the enterprise funds of the Wayne County Joint Vocational School District for the year ended June 30, 2002:

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	<u>Food Service</u>	Uniform School <u>Supplies</u>	Adult <u>Education</u>	<u>Total</u>
Operating revenues	\$ 123,218	\$ 81,296	\$ 1,132,592	\$ 1,337,106
Operating expenses before depreciation	(177,632)	(84,937)	(1,630,878)	(1,893,447)
Depreciation expense	(2,161)	0	(18,210)	(20,371)
Operating income/(loss)	(56,575)	(3,641)	(516,496)	(576,712)
Federal donated commodities	17, 840	0	0	17,840
Federal and State subsidies	39,789	0	443,290	483,079
Loss on sale of fixed assets	0	0	(7,586)	(7,586)
Interest	73	0	0	73
Transfer in	0	0	1,700	1,700
Net income/(loss)	1,127	(3,641)	(79,092)	(81,606)
Net working Capital	9,602	104,959	693,171	807,732
Total assets	29,962	105,002	983,749	1,118,713
Total equity	25,893	104,959	828,892	959,744
Encumbrances at June 30, 2002	\$2,591	\$7,721	\$98,165	\$108,477

NOTE 13 - RETIREMENT PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. 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 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of an annual covered payroll. For fiscal year 2002, 4.20 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$51,545, \$66,958 and \$88,725, respectively; 80.3 percent has been contributed for fiscal year 2002 and 100 percent has been contributed for fiscal years 2001 and 2000. \$35,811, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 13 - RETIREMENT PLANS

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credit service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of the STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of three percent of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 13 - RETIREMENT PLANS (continued)

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2002, were 9.5 percent of covered payroll for members and 14 percent for employers. The District's contributions to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$513,502, \$511,770 and \$326,814, respectively; 92.03 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$60,336 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

The STRS Ohio issues a stand-alone financial report. Copies of the STRS Ohio's 2001 *Comprehensive Annual Financial Report* will be available after January 1, 2002, and can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614) 227-4090.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$243,238 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients statewide.

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

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 14 - POST EMPLOYMENT BENEFITS (continued)

For this fiscal year, employer contributions to fund health care benefits were 9.80 percent of covered payroll. 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 2002, the minimum pay had been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants statewide currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$130,252 during fiscal 2002.

NOTE 15 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the District, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meet the eligibility requirements has been recorded in the appropriate governmental funds as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources.

The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from proprietary funds are recorded as an expense and liability of the fund when earned.

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 16 - JOINTLY GOVERNED ORGANIZATION (continued)

Representation on the Council of Governments consists of one member appointed by each member board of education. The representative shall be either the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who are elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

NOTE 17 - CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

Litigation

The District is party to legal proceedings. The District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

NOTE 18 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002**

NOTE 19 - REQUIRED BUDGET SET ASIDES

The District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts may also be set aside for a budget stabilization reserve and used to offset any future budget deficit.

The following information describes the changes in the amounts set aside for budget stabilization, textbooks and instructional materials and capital improvements from the end of the prior fiscal year to the end of the current fiscal year.

	Budget Stabilization Set Aside	Textbook Set Aside	Capital Improvements Set Aside
Set Aside Cash			
Balance as of			
June 30, 2001	\$ 277,462	\$ 0	\$ 0
Current Year			
Set Aside			
Requirement	0	89,880	89,880
Current Year Offsets	0	0	0
Qualifying Disbursements	<u>0</u>	<u>(502,328)</u>	<u>(158,367)</u>
Total	<u>\$277,462</u>	<u>(\$ 412,448)</u>	<u>(\$ 68,487)</u>
Cash Balance Carried			
Forward to Fiscal			
Year 2003	<u>\$ 277,462</u>	<u>(\$ 412,448)</u>	<u>\$ 0</u>
Cash Balance at June 30,			
2002	<u>\$ 277,462</u>	<u>\$ 0</u>	<u>\$ 0</u>

The District has qualifying disbursements and offsets during the fiscal year that reduced the amount to below zero for the textbook instructional material set-aside. This extra amount may be used to reduce the set-aside requirement of future years. Although the District has qualifying disbursements during the fiscal year that reduces the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.

Amounts remaining at fiscal year end are represented by cash and cash equivalents and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balance.

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. Department of Agriculture Pass Through Ohio Department of Education:						
Child Nutrition Cluster						
National School Lunch Food Distribution Program (Commodities)	LLP4-2002	10.555	\$ 38,402	\$ 0	\$38,402	\$ 0
		10.550	<u>0</u>	<u>17,840</u>	<u>0</u>	<u>15,132</u>
Total Child Nutrition Cluster			<u>38,402</u>	<u>17,840</u>	<u>38,402</u>	<u>15,132</u>
Total U.S. Department of Agriculture			<u>38,402</u>	<u>17,840</u>	<u>38,402</u>	<u>15,132</u>
U.S. Department of Education Pass Through the Ohio Department Of Education:						
Adult and Community Education						
Adult Education	AB-S1-2000	84.002	<u>59,150</u>	<u>0</u>	<u>59,150</u>	<u>0</u>
Total Adult Education			59,150	0	59,150	0
Vocational Education Basic Grants To States						
		84.048				
Local Funds Secondary	20-C1-2001		130,360	0	130,360	0
Local Funds Secondary	20-C1-2002		148,957	0	148,957	0
Local Funds Post Secondary	20-C2-2002		68,388	0	68,388	0
Perkins Leadership	20-C2-2002		<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Vocational Education Basic Grants to States			352,705	0	352,705	0

continued

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
Even Start - Family Literacy		84.213				
Even Start - FY 2002	EV-S1-2002		<u>270,000</u>	<u>0</u>	<u>270,000</u>	<u>0</u>
Total Even Start			<u>270,000</u>	<u>0</u>	<u>270,000</u>	<u>0</u>
Eisenhower/Math Science	MS-S1-2000 MS-S1-2002	84.281	1,110 <u>1,794</u>	0 <u>0</u>	1,110 <u>1,794</u>	0 <u>0</u>
Total Eisenhower			<u>2,904</u>	<u>0</u>	<u>2,904</u>	<u>0</u>
Innovative Education Program						
Title VI FY 00	C2-S1-2000	84.298	2,304	0	2,304	0
Title VI FY 02	C2-S1-2002		<u>1,057</u>	<u>0</u>	<u>1,057</u>	<u>0</u>
Total Innovative Education Program			<u>3,361</u>	<u>0</u>	<u>3,361</u>	<u>0</u>
Total U.S. Dept. of Education Pass Through Ohio Dept. of Educ.			<u>688,120</u>	<u>0</u>	<u>688,120</u>	<u>0</u>
Tech Prep Education		84.243				
Horticulture			<u>1,235</u>	0	<u>1,235</u>	0
Total Tech Prep Education			<u>1,235</u>	<u>0</u>	<u>1,235</u>	<u>0</u>
Adult Vocational Training		84.048	<u>110,666</u>	<u>0</u>	<u>110,666</u>	<u>0</u>
Total Adult Vocational			<u>110,666</u>	<u>0</u>	<u>110,666</u>	<u>0</u>
Student Financial Assistance Cluster:						
PELL Grant	N/A	84.063	262,542	0	262,542	0
SEOG Grant	N/A		<u>10,654</u>	<u>0</u>	<u>10,654</u>	<u>0</u>
Total Student Financial Assistance Cluster			<u>273,196</u>	<u>0</u>	<u>273,196</u>	<u>0</u>
Total U.S. Department of Education			<u>1,073,217</u>	<u>0</u>	<u>1,073,217</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,111,619</u>	<u>\$ 17,840</u>	<u>\$ 1,111,619</u>	<u>\$15,132</u>

The notes to the Schedule of Federal Award Expenditures are an integral part of this statement

**WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fairmarket 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, 2002, the School District had food commodities in inventory totalling \$2,708.

NOTE C- FEDERAL PELL GRANT

The Pell Grant is recorded as tuition.

Accountants and Consultants

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

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, OH 44677

To the Board of Education:

We have audited the financial statements of the Wayne County Joint Vocational School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 27, 2002. 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 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 27, 2002.

Wayne County Joint Vocational School District
Wayne 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 School District's management, 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.

KNOX & KNOX

Orrville, Ohio
December 27, 2002

KNOX & KNOX

Accountants and Consultants

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

Wayne County Joint Vocational School District
Wayne County
518 West Prospect Street
Smithville, OH 44677

To the Board of Education:

Compliance

We have audited the compliance of the Wayne County Joint Vocational School District, Wayne 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, 2002. 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, contract 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, 2002.

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 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.

KNOX & KNOX

Orrville, Ohio
December 27, 2002

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 Sect.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

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

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

WAYNE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WAYNE 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 4, 2003**