

**APOLLO JOINT VOCATIONAL
SCHOOL DISTRICT**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Apollo Joint Vocational School District

We have reviewed the Independent Auditor's Report of the Apollo Joint Vocational School District, Allen County, prepared by Rea & Associates, Inc. for the audit period July 1, 2003 through June 30, 2004. 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 Apollo Joint Vocational School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 11, 2005

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**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 13, 2004

The Board of Education
Apollo Joint Vocational School District
Lima, Ohio 45806

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Apollo Joint Vocational School District as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of June 30, 2004, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2004, on our consideration of Apollo Joint Vocational 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 *Governmental Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Rea & Associates, Inc.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Receipts, Disbursements
and Changes in Fund Cash Balances
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2004

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Taxes	\$ 3,012,618	\$ 0	\$ 754,406	\$ 0	\$ 3,767,024
Intergovernmental	4,304,243	1,126,867	98,817	0	5,529,927
Interest	38,900	3,638	0	180	42,718
Tuition and Fees	46,520	2,335,880	0	0	2,382,400
Miscellaneous	123,967	75,838	0	195	200,000
Total Cash Receipts	7,526,248	3,542,223	853,223	375	11,922,069
Cash Disbursements:					
Current:					
Instruction:					
Regular	1,065,955	0	22,079	0	1,088,034
Special	141,912	0	0	0	141,912
Vocational	3,174,166	2,355,590	348,332	0	5,878,088
Adult/Continuing Education	0	48,170	0	0	48,170
Support Services:					
Pupils	560,304	121,004	0	0	681,308
Instructional Staff	243,924	587,050	333	0	831,307
Board of Education	36,273	0	0	0	36,273
Administration	928,295	15,418	21,008	0	964,721
Fiscal	349,667	0	16,657	0	366,324
Business	0	0	0	565	565
Operation and Maintenance of Plant	878,867	0	43,401	0	922,268
Pupil Transportation	8,725	0	27,300	0	36,025
Central	249,075	0	221,173	0	470,248
Non-Instructional Services	0	264,434	0	5,926	270,360
Extracurricular Activities	6,315	0	0	0	6,315
Capital Outlay	3,084	9,315	433,865	0	446,264
Debt Service:					
Principal Retirement	0	80,504	106,667	0	187,171
Total Cash Disbursements	7,646,562	3,481,485	1,240,815	6,491	12,375,353
Total Cash Receipts Over/(Under)					
Cash Disbursements	(120,314)	60,738	(387,592)	(6,116)	(453,284)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	2,091	3,980	0	0	6,071
Refund of Prior Year Expenditures	14,361	0	4,880	0	19,241
Refund of Prior Year Receipts	0	(121)	0	0	(121)
Advances In	656,500	301,100	0	0	957,600
Advances Out	(510,500)	(439,900)	0	0	(950,400)
Operating Transfers In	119,395	50,000	0	0	169,395
Operating Transfers Out	(186,395)	0	0	0	(186,395)
Total Other Financing Sources (Uses)	95,452	(84,941)	4,880	0	15,391
Excess of Cash Receipts and Other					
Financing Sources Over (Under) Cash					
Disbursements and other Financing Uses	(24,862)	(24,203)	(382,712)	(6,116)	(437,893)
Fund Cash Balances, July 1, 2003	1,692,112	418,770	1,070,620	94,719	3,276,221
Fund Cash Balances, June 30, 2004	\$ 1,667,250	\$ 394,567	\$ 687,908	\$ 88,603	\$ 2,838,328
Reserves for Encumbrances	\$ 261,767	\$ 175,745	\$ 155,880	\$ 0	\$ 593,392

See Accompanying Notes to the Financial Statements.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Receipts, Disbursements
and Changes in Fund Cash Balances
All Proprietary and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2004

	Proprietary Fund Type	Fiduciary Fund Type		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<u>Operating Cash Receipts:</u>				
Sales	\$ 219,601	\$ 0	\$ 0	\$ 219,601
Interest	0	94	400	494
Other Revenue	0	0	67,156	67,156
Operating Grants	3,005	0	0	3,005
Total Operating Cash Receipts	<u>222,606</u>	<u>94</u>	<u>67,556</u>	<u>290,256</u>
<u>Operating Cash Disbursements:</u>				
Salaries	61,416	0	0	61,416
Fringe Benefits	26,101	0	0	26,101
Supplies and Materials	146,005	0	0	146,005
Other Operating Expenses	0	300	61,090	61,390
Total Operating Cash Disbursements	<u>233,522</u>	<u>300</u>	<u>61,090</u>	<u>294,912</u>
Operating (loss) income	<u>(10,916)</u>	<u>(206)</u>	<u>6,466</u>	<u>(4,656)</u>
<u>Non-Operating Cash Receipts (Disbursements)</u>				
Refund of Prior Year's Expenditures	0	0	20	20
Advances In	0	0	800	800
Advances Out	(5,500)	0	(2,500)	(8,000)
Operating Transfers In	17,000	0	0	17,000
Total Non-Operating Cash Receipts (Disbursements)	<u>11,500</u>	<u>0</u>	<u>(1,680)</u>	<u>9,820</u>
Excess Cash Receipts Over/(Under) Cash Disbursements	584	(206)	4,786	5,164
Fund Cash Balances, July 1, 2003	<u>38,256</u>	<u>9,264</u>	<u>33,697</u>	<u>81,217</u>
Fund Cash Balances, June 30, 2004	<u>\$ 38,840</u>	<u>\$ 9,058</u>	<u>\$ 38,483</u>	<u>\$ 86,381</u>
Reserves for Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,840</u>	<u>\$ 3,840</u>

See Accompanying Notes to the Financial Statements.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Apollo Joint Vocational School District (the "District") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school Districts' elected boards. The Board possesses its own budgeting and taxing authority. The District exposes students to job training skills leading to employment upon graduation from high school.

The District was established on February 12, 1973. The District serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by 40 classified employees and 84 certified teaching personnel who provide services to six hundred fifteen students and other community members. The District currently operates one instructional building.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure the financial statements are not misleading. 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, 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 of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the 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, or the levying of taxes. There are no component units of the District.

The District participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the NOACSC Workers' Compensation Group Rating Plan, the Allen County Schools Health Benefits Plan, and the Ohio School Plan. These organizations are presented in Notes 8 and 9 to the financial statements.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting

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

C. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as Fund Cash Balance on the combined statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances.

State Treasury Asset Reserve of Ohio (STAROhio), Repurchase Agreements and cash deposits are reported at cost. Cash and cash equivalents held for the District by Dayton Foundation are also included in the cash fund balance.

D. Fund Accounting

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

Governmental Funds

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

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

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

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or non-expendable trust funds.

Proprietary Funds

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

Fiduciary Funds (Trust and Agency Funds)

Expendable Trust Funds are used to account for resources restricted by legally binding trust agreements.

The **Non-expendable Trust Funds** are accounted for in essentially the same manner as the proprietary fund types.

The **Agency Funds** are used to account for assets held by the District, an agent for individuals, private organizations, other governmental units, and/or other funds.

E. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the Allen County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process (continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budgeted receipts in Note 3 do not include July 1, 2004 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in Note 3 represent the final appropriation amounts including all amendments and modifications.

4. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as site improvement disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

2. POOLED CASH AND INVESTMENTS

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

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

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

2. POOLED CASH AND INVESTMENTS (continued)

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

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

Interim monies can 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, with the term of the agreement not exceeding 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);
7. Certain Bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

2. POOLED CASH AND INVESTMENTS (continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 investment may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits - At year-end, the carrying amount of the District's deposits was \$741,035 and the bank balance was \$1,011,303, of which \$300,000 was covered by federal depository insurance, \$2,722,711 was collateralized by the financial institutions' public entity deposit pool and the remaining balance of \$172,266 was uninsured and uncollateralized.

Investments - The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the 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.

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Union Bank C.D.	\$ 500,000		\$ 500,000	\$ 500,000
Repurchase Agreements		\$ 322,152	322,152	322,152
FHLMC		1,000,608	1,000,608	1,000,608
Educational Foundation Endowment		46,590	46,590	46,590
Commercial Bank Bonds		309,083	309,083	309,083
Star Ohio			<u>5,241</u>	<u>5,241</u>
			<u>\$2,183,674</u>	<u>\$2,183,674</u>

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2004 as follows:

	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 7,869,022	\$ 7,662,095	\$ (206,927)
Special Revenue	3,922,617	3,596,203	(326,414)
Capital Projects	832,323	858,103	25,780
Enterprise	311,712	239,606	(72,106)
Expendable Trust	5,775	375	(5,400)
Non-Expendable Trust	150	94	(56)
Agency	348,430	67,576	(280,854)
Total	<u>\$ 13,290,029</u>	<u>\$ 12,424,052</u>	<u>\$ (865,977)</u>

	<u>Appropriation</u>	<u>Cash Disbursements</u>	<u>Encumbrances</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 9,330,738	\$ 7,832,957	\$ 261,767	\$ 8,094,724	\$ 1,236,014
Special Revenue	3,993,001	3,481,606	175,745	3,657,351	335,650
Capital Projects	1,436,247	1,240,815	155,880	1,396,695	39,552
Enterprise	308,000	233,522	0	233,522	74,478
Expendable Trust	11,836	6,491	0	6,491	5,345
Non-Expendable Trust	300	300	0	300	0
Agency	325,956	61,090	3,840	64,930	261,026
Total	<u>\$ 15,406,078</u>	<u>\$ 12,856,781</u>	<u>\$ 597,232</u>	<u>\$ 13,454,013</u>	<u>\$ 1,952,065</u>

The District does not budget for advances, therefore the Advances In/Out are excluded from the above schedule of budgetary activity.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

4. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2004 were as follows:

	Balance at 6/30/2003	Additions	Reductions	Balance at 6/30/2004
Building Assistance Loan 0%	\$ 1,127,060	\$ 0	\$ 80,504	\$ 1,046,556
Building Assistance Loan 0%	800,000	0	106,667	693,333
Total Long-term Obligations	<u>\$ 1,927,060</u>	<u>\$ 0</u>	<u>\$ 187,171</u>	<u>\$ 1,739,889</u>

Building Assistance Loan - In March, 2002, the District obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,207,564. The loan was issued for a fifteen-year period with final maturity in July, 2017. The loan is being retired from the Adult Education special revenue fund.

In January, 2003, the District obtained an interest-free loan for the construction of a construction equipment building, in the amount of \$800,000. The loan was issued for a fifteen-year period with final maturity in January 2018. The loan is being retired from the Capital Projects Fund.

Principal requirements to retire general obligation debt outstanding at June 30, 2004 were as follows:

2005	\$ 133,837
2006	133,837
2007	133,837
2008	133,837
2009	133,837
2010-2014	669,185
2015-2018	<u>401,519</u>
Total	<u>\$ 1,739,889</u>

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the area served by the District. Real and public utility property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2004 were levied after April 1, 2004, on the assessed values as of December 31, 2003, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam and Van Wert Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

6. DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

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 members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and Apollo Joint Vocational School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Apollo Joint Vocational School District are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$186,438, \$178,540 and \$168,030, respectively; 100 percent has been contributed for the fiscal years 2004, 2003 and 2002.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

6. DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% of their annual covered salary and Apollo Joint Vocational School District is required to contribute an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Apollo Joint Vocational School District are established and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$748,016, \$722,541, and \$665,098, respectively; 100 percent has been contributed for the fiscal years 2004, 2003 and 2002.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2004, seven of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

7. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. 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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$104,190.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS had approximately 50,000 participants currently receiving health care benefits.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS to provide health care coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

7. POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2003, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2002, 4.5% of covered payroll was allocated to the fund. The balance in the Health Care Stabilization Fund was \$2.8 billion on June 30, 2003. For the year ended June 30, 2003, net health care costs paid by STRS Ohio were \$352,301,000. There were 108,294 eligible benefit recipients.

8. JOINTLY GOVERNED ORGANIZATIONS

NORTHWEST OHIO AREA COMPUTER SERVICES COOPERATIVE (NOACSC)

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2004, the District paid \$9,381 to the NOACSC for various services. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

9. INSURANCE POOLS

A. NOACSC Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The NOACSC Workers' Compensation Group Rating Plan (GRP) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool.

The Safety Coordinator, Robert Lotz of NOACSC, or his designee serves as coordinator of the GRP. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

9. INSURANCE POOLS (continued)

B. Allen County Schools Health Benefits Plan

The District participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each school district decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, 204 North Main Street, Lima, Ohio 45801.

C. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

10. 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.

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

11. SET ASIDES

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

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the School Districts' establish and maintain a budget stabilization reserve. By resolution, the Board eliminated the reserve in accordance with the act.

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

	Budget Stabilization Reserve	Capital Improvement Reserve	Textbook Instructional Materials Reserve	<u>Total</u>
Set-Aside Cash Balance as of June 30, 2003	\$ 25,106	\$ 0	\$ 0	\$ 25,106
Set-Aside Carryover Balance as of June 30, 2003	0	(273,431)	(296,771)	(570,202)
Current Year Set-Aside Requirement	0	91,426	91,426	182,852
Qualifying Disbursements	<u>(25,106)</u>	<u>(353,709)</u>	<u>(224,387)</u>	<u>(603,202)</u>
Total	<u>\$ 0</u>	<u>\$ (535,714)</u>	<u>\$ (429,732)</u>	<u>\$ (965,446)</u>
Cash Balance Carried Forward FY 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. There was no reserve balance for set-asides at the end of the fiscal year.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 13, 2004

The Board of Education
Apollo Joint Vocational School District
Lima, Ohio 45806

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

We have audited the financial statements of Apollo Joint Vocational School District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 13, 2004. We have 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 Apollo Joint Vocational 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Apollo Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Apollo Joint Vocational School District in a separate letter dated October 13, 2004.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 13, 2004

The Board of Education
Apollo Joint Vocational School District
Lima, Ohio 45806

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

Compliance

We have audited the compliance of Apollo Joint Vocational School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Apollo Joint Vocational School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Apollo Joint Vocational School District's management. Our responsibility is to express an opinion on Apollo Joint Vocational 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Apollo Joint Vocational 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 Apollo Joint Vocational School District's compliance with those requirements.

In our opinion, Apollo Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Apollo Joint Vocational 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 Apollo Joint Vocational 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 caused by error or fraud 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.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the financial statements of Apollo Joint Vocational School District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 13, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of Apollo Joint Vocational School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Hea & Associates, Inc.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Cash Basis
For the Fiscal Year Ended June 30, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Receipts</u>	<u>Federal Disbursements</u>
U.S. Department of Education				
<i>Direct Program</i>				
Pell Administration Reimbursement	84.063	Admin. Reimb.	\$ 469	\$ 469
Pell	84.063	02-03	12,321	12,321
Pell	84.063	03-04	219,003	219,003
Total Pell Grant			<u>231,793</u>	<u>231,793</u>
<i>(Passed through Ohio Department of Education):</i>				
ABLE	84.002	ABSI-2003-C	2,779	0
ABLE	84.002	ABS1-2003	17,221	0
ABLE	84.002	ABS1-2004	0	59,059
Total ABLE Grant			<u>20,000</u>	<u>59,059</u>
Ohio Higher Skills Partnership	17.258		0	7,624
Vocational Education - Adult and Secondary	84.048	20C1-2004	68,209	227,363
	84.048	20C2-2004	24,302	81,006
	84.048	20C1-2003	159,668	0
	84.048	20C2-2002	56,704	0
Total Vocational Education Grant			<u>308,883</u>	<u>308,369</u>
Title IV-A	84.168	DRS1-2004	1,399	1,399
Title-II-A	84.367	TRS1-2004	4,273	4,273
Title V	84.298	C2S1-2004	851	4,730
Eisenhower Grant	84.281	TRS1-2003	149	1,784
Total U.S. Department of Education			<u>567,348</u>	<u>619,031</u>
U.S. Department of Agriculture				
<i>(Passed through Ohio Department of Education):</i>				
Special Milk Program	10.556	02-PU 2004	3,005	3,005
Total Department of Agriculture-Nutrition Cluster			<u>3,005</u>	<u>3,005</u>
Total Federal Financial Assistance			<u>\$ 570,353</u>	<u>\$ 622,036</u>

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
OMB Circular A-133, Section .505
June 30, 2004

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) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Program's Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Vocational Education, 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

GAAP Reporting 2004-001 (repeat of 2003-001)

Ohio Admin. Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For the fiscal year 2003, the District prepared its financial statements on the basis of accounting formerly prescribed and permitted by the Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

3. Findings and Questioned Costs for Federal Awards

None were noted

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

**Summary Schedule of Prior Audit Findings
June 30, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Financial Statements-should be prepared in accordance with generally accepted accounting principles.	No	Not Corrected-District plans to continue reporting on a cash basis.



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
ALLEN 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 10, 2005**