



**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Delaware Joint Vocational School District
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

We have audited the accompanying general purpose financial statements of the Delaware Joint Vocational School District, Delaware County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

January 31, 2001

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**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Assets and Other Debits:</u>								
<u>Assets:</u>								
Equity in Pooled Cash and Cash Equivalents	\$1,629,251	\$131,404	\$373,992	\$91,533	\$14,511	\$0	\$0	\$2,240,691
Receivables:								
Property Taxes	4,596,764	0	1,519,300	0	0	0	0	6,116,064
Accounts	10,301	364	0	6,019	0	0	0	16,684
Intergovernmental	3,672	39,626	0	2,804	0	0	0	46,102
Accrued Interest	1,622	0	0	0	0	0	0	1,622
Interfund	114,597	0	0	0	0	0	0	114,597
Due from Other Funds	0	0	0	300	0	0	0	300
Prepaid Items	48,024	4,514	0	3,217	0	0	0	55,755
Materials and Supplies Inventory	67,832	0	0	0	0	0	0	67,832
Restricted Assets:								
Equity in Pooled Cash and Cash Equivalents	149,829	0	0	0	0	0	0	149,829
Advances to Other Funds	94,142	0	0	0	0	0	0	94,142
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	44,197	0	9,695,754	0	9,739,951
<u>Other Debits:</u>								
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	1,333,696	1,333,696
Total Assets and Other Debits	\$6,716,034	\$175,908	\$1,893,292	\$148,070	\$14,511	\$9,695,754	\$1,333,696	\$19,977,265

(continued)

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-Term Obligations	
<u>Liabilities, Fund Equity, and Other Credits:</u>								
<u>Liabilities:</u>								
Accounts Payable	\$62,590	\$16,218	\$5,662	\$19,018	\$0	\$0	\$0	\$103,488
Accrued Wages and Benefits	513,948	26,625	0	15,199	0	0	0	555,772
Compensated Absences Payable	8,729	332	0	28,915	0	0	386,469	424,445
Intergovernmental Payable	55,600	14,696	0	12,410	0	0	3,979	86,685
Interfund Payable	0	90,254	0	22,140	2,203	0	0	114,597
Due to Other Funds	300	0	0	0	0	0	0	300
Due to Students	0	0	0	0	12,308	0	0	12,308
Deferred Revenue	4,018,268	0	1,331,028	0	0	0	0	5,349,296
Accrued Interest Payable	0	0	21,314	0	0	0	0	21,314
Notes Payable	0	0	1,220,000	0	0	0	0	1,220,000
Advances from Other Funds	0	0	0	94,142	0	0	0	94,142
Building Assistance Loan Payable	0	0	0	0	0	0	416,667	416,667
Energy Conservation Loan Payable	0	0	0	0	0	0	475,000	475,000
Capital Leases Payable	0	0	0	0	0	0	51,581	51,581
Total Liabilities	<u>4,659,435</u>	<u>148,125</u>	<u>2,578,004</u>	<u>191,824</u>	<u>14,511</u>	<u>0</u>	<u>1,333,696</u>	<u>8,925,595</u>
<u>Fund Equity and Other Credits:</u>								
Investment in General Fixed Assets	0	0	0	0	0	9,695,754	0	9,695,754
<u>Retained Earnings:</u>								
Unreserved (Deficit)	0	0	0	(86,796)	0	0	0	(86,796)
Contributed Capital	0	0	0	43,042	0	0	0	43,042
<u>Fund Balance:</u>								
Reserved for Property Taxes	578,433	0	188,249	0	0	0	0	766,682
Reserved for Inventory	67,832	0	0	0	0	0	0	67,832
Reserved for Textbooks	36,204	0	0	0	0	0	0	36,204
Reserved for Budget Stabilization	113,625	0	0	0	0	0	0	113,625
Reserved for Advances	94,142	0	0	0	0	0	0	94,142
Reserved for Encumbrances	57,269	67,136	30,723	0	0	0	0	155,128
Designated for Budget Stabilization	55,958	0	0	0	0	0	0	55,958
Unreserved, Undesignated (Deficit)	<u>1,053,136</u>	<u>(39,353)</u>	<u>(903,684)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,099</u>
Total Fund Equity (Deficit) and Other Credits	<u>2,056,599</u>	<u>27,783</u>	<u>(684,712)</u>	<u>(43,754)</u>	<u>0</u>	<u>9,695,754</u>	<u>0</u>	<u>11,051,670</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$6,716,034</u>	<u>\$175,908</u>	<u>\$1,893,292</u>	<u>\$148,070</u>	<u>\$14,511</u>	<u>\$9,695,754</u>	<u>\$1,333,696</u>	<u>\$19,977,265</u>

See Accompanying Notes to the General Purpose Financial Statements

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Revenues:</u>					
Property Taxes	\$3,687,979	\$0	\$0	\$1,248,962	\$4,936,941
Intergovernmental	3,086,003	869,638	0	300,175	4,255,816
Interest	125,009	895	0	0	125,904
Tuition and Fees	31,974	996	0	0	32,970
Rent	41,923	0	0	0	41,923
Extracurricular Activities	0	6,350	0	0	6,350
Gifts and Donations	0	131,500	0	0	131,500
Miscellaneous	51,623	4,960	0	0	56,583
Total Revenues	<u>7,024,511</u>	<u>1,014,339</u>	<u>0</u>	<u>1,549,137</u>	<u>9,587,987</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	478,499	0	0	0	478,499
Vocational	3,470,943	789,547	0	0	4,260,490
Adult/Continuing	5,111	76,238	0	0	81,349
Support Services:					
Pupils	227,728	46,448	0	0	274,176
Instructional Staff	172,735	102,509	0	0	275,244
Board of Education	48,190	0	0	0	48,190
Administration	1,154,321	88,942	0	0	1,243,263
Fiscal	364,945	0	0	74,261	439,206
Operation and Maintenance of Plant	944,044	0	0	0	944,044
Pupil Transportation	3,484	0	0	0	3,484
Central	0	39,817	0	0	39,817
Non-Instructional Services	0	4,908	0	8,175	13,083
Extracurricular Activities	6,686	9,926	0	0	16,612
Capital Outlay	46,672	0	0	697,506	744,178
Debt Service:					
Principal Retirement	51,230	0	88,333	0	139,563
Interest and Fiscal Charges	5,451	0	27,030	68,371	100,852
Total Expenditures	<u>6,980,039</u>	<u>1,158,335</u>	<u>115,363</u>	<u>848,313</u>	<u>9,102,050</u>
Excess of Revenues Over (Under) Expenditures	<u>44,472</u>	<u>(143,996)</u>	<u>(115,363)</u>	<u>700,824</u>	<u>485,937</u>
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	12,304	0	115,363	73,933	201,600
Operating Transfers Out	(289,322)	(12,304)	0	(33,333)	(334,959)
Inception of Capital Lease	46,672	0	0	0	46,672
Total Other Financing Sources (Uses)	<u>(230,346)</u>	<u>(12,304)</u>	<u>115,363</u>	<u>40,600</u>	<u>(86,687)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(185,874)	(156,300)	0	741,424	399,250
Fund Balances (Deficit) at Beginning of Year	2,243,999	184,083	0	(1,426,136)	1,001,946
Decrease in Reserve for Inventory	(1,526)	0	0	0	(1,526)
Fund Balances (Deficit) at End of Year	<u>\$2,056,599</u>	<u>\$27,783</u>	<u>\$0</u>	<u>(\$684,712)</u>	<u>\$1,399,670</u>

See Accompanying Notes to the General Purpose Financial Statements

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$4,539,620	\$4,128,863	(\$410,757)	\$0	\$0	\$0
Intergovernmental	2,423,337	3,098,307	674,970	1,004,213	880,516	(123,697)
Interest	94,413	124,814	30,401	250	895	645
Tuition and Fees	85,407	31,974	(53,433)	1,500	996	(504)
Rent	53,042	41,923	(11,119)	0	0	0
Extracurricular Activities	0	0	0	11,900	6,350	(5,550)
Gifts and Donations	0	0	0	132,000	131,500	(500)
Miscellaneous	0	42,237	42,237	2,000	4,960	2,960
Total Revenues	7,195,819	7,468,118	272,299	1,151,863	1,025,217	(126,646)
Expenditures:						
Current:						
Instruction:						
Regular	549,436	537,766	11,670	0	0	0
Vocational	3,594,476	3,561,241	33,235	832,073	807,706	24,367
Adult/Continuing	15,000	5,376	9,624	90,855	74,852	16,003
Support Services:						
Pupils	247,867	239,773	8,094	77,768	69,645	8,123
Instructional Staff	176,235	173,587	2,648	112,393	108,553	3,840
Board of Education	47,179	45,684	1,495	0	0	0
Administration	1,192,747	1,177,251	15,496	91,247	88,813	2,434
Fiscal	385,302	374,351	10,951	0	0	0
Operation and Maintenance of Plant	1,016,834	1,006,021	10,813	0	0	0
Pupil Transportation	1,500	1,270	230	0	0	0
Central	0	0	0	51,986	50,535	1,451
Non-Instructional Services	0	0	0	14,018	5,306	8,712
Extracurricular Activities	10,179	9,111	1,068	17,001	10,143	6,858
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	7,236,755	7,131,431	105,324	1,287,341	1,215,553	71,788
Excess of Revenues Over (Under) Expenditures	(40,936)	336,687	377,623	(135,478)	(190,336)	(54,858)
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	0	3,097	3,097	0	0	0
Advances In	0	86,959	86,959	0	90,254	90,254
Advances Out	(112,394)	(112,394)	0	(81,620)	(81,620)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(289,534)	(289,322)	212	0	0	0
Total Other Financing Sources (Uses)	(401,928)	(311,660)	90,268	(81,620)	8,634	90,254
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(442,864)	25,027	467,891	(217,098)	(181,702)	35,396
Fund Balances at Beginning of Year	1,434,955	1,434,955	0	175,949	175,949	0
Prior Year Encumbrances Appropriated	137,331	137,331	0	52,616	52,616	0
Fund Balances at End of Year	\$1,129,422	\$1,597,313	\$467,891	\$11,467	\$46,863	\$35,396

(continued)

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$0	\$0	\$0	\$1,592,043	\$1,447,872	(\$144,171)
Intergovernmental	0	0	0	30,000	194,195	164,195
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	1,622,043	1,642,067	20,024
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Vocational	0	0	0	227,044	202,866	24,178
Adult/Continuing	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	74,345	74,261	84
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	8,175	8,175	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	568,715	565,793	2,922
Debt Service:						
Principal Retirement	698,333	698,333	0	0	0	0
Interest and Fiscal Charges	107,398	106,058	1,340	0	0	0
Total Expenditures	805,731	804,391	1,340	878,279	851,095	27,184
Excess of Revenues Over (Under) Expenditures	(805,731)	(804,391)	1,340	743,764	790,972	47,208
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	0	0	0	0	105,980	105,980
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	805,731	804,391	(1,340)	0	73,933	73,933
Operating Transfers Out	0	0	0	(723,701)	(722,361)	1,340
Total Other Financing Sources (Uses)	805,731	804,391	(1,340)	(723,701)	(542,448)	181,253
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	20,063	248,524	228,461
Fund Balances at Beginning of Year	0	0	0	37,910	37,910	0
Prior Year Encumbrances Appropriated	0	0	0	51,173	51,173	0
Fund Balances at End of Year	\$0	\$0	\$0	\$109,146	\$337,607	\$228,461

See Accompanying Notes to the General Purpose Financial Statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$6,131,663	\$5,576,735	(\$554,928)
3,457,550	4,173,018	715,468
94,663	125,709	31,046
86,907	32,970	(53,937)
53,042	41,923	(11,119)
11,900	6,350	(5,550)
132,000	131,500	(500)
2,000	47,197	45,197
<u>9,969,725</u>	<u>10,135,402</u>	<u>165,677</u>
549,436	537,766	11,670
4,653,593	4,571,813	81,780
105,855	80,228	25,627
325,635	309,418	16,217
288,628	282,140	6,488
47,179	45,684	1,495
1,283,994	1,266,064	17,930
459,647	448,612	11,035
1,016,834	1,006,021	10,813
1,500	1,270	230
51,986	50,535	1,451
22,193	13,481	8,712
27,180	19,254	7,926
568,715	565,793	2,922
698,333	698,333	0
<u>107,398</u>	<u>106,058</u>	<u>1,340</u>
<u>10,208,106</u>	<u>10,002,470</u>	<u>205,636</u>
<u>(238,381)</u>	<u>132,932</u>	<u>371,313</u>
0	109,077	109,077
0	177,213	177,213
(194,014)	(194,014)	0
805,731	878,324	72,593
<u>(1,013,235)</u>	<u>(1,011,683)</u>	<u>1,552</u>
<u>(401,518)</u>	<u>(41,083)</u>	<u>360,435</u>
(639,899)	91,849	731,748
1,648,814	1,648,814	0
241,120	241,120	0
<u>\$1,250,035</u>	<u>\$1,981,783</u>	<u>\$731,748</u>

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Operating Revenues:</u>	
Tuition	\$218,484
Sales	154,539
Charges for Services	128,996
Total Operating Revenues	<u>502,019</u>
 <u>Operating Expenses:</u>	
Salaries	460,587
Fringe Benefits	106,498
Purchased Services	12,513
Materials and Supplies	183,533
Cost of Sales	93,511
Depreciation	6,173
Total Operating Expenses	<u>862,815</u>
 Operating Loss	 <u>(360,796)</u>
 <u>Non-Operating Revenues (Expenses):</u>	
Federal Donated Commodities	1,205
Operating Grants	209,761
Loss on Disposal of Fixed Assets	(650)
Total Non-Operating Revenues (Expenses)	<u>210,316</u>
 Loss before Operating Transfers	 (150,480)
 Operating Transfers In	 <u>133,359</u>
 Net Loss	 (17,121)
 Retained Earnings (Deficit) at Beginning of Year	 <u>(69,675)</u>
 Retained Earnings (Deficit) at End of Year	 <u>(86,796)</u>
 Contributed Capital at Beginning of Year	 42,670
Contributed from Other Funds	372
Contributed Capital at End of Year	<u>43,042</u>
Total Fund Equity (Deficit) at End of Year	<u><u>(\$43,754)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Tuition	\$208,911	\$218,484	\$9,573
Sales	149,285	154,108	4,823
Charges for Services	152,586	127,896	(24,690)
Operating Grants	159,000	209,022	50,022
Total Revenues	<u>669,782</u>	<u>709,510</u>	<u>39,728</u>
<u>Expenses:</u>			
Salaries	464,408	464,095	313
Fringe Benefits	109,863	109,546	317
Purchased Services	19,846	13,156	6,690
Materials and Supplies	324,269	294,320	29,949
Total Expenses	<u>918,386</u>	<u>881,117</u>	<u>37,269</u>
Excess of Revenues Under Expenses	(248,604)	(171,607)	76,997
Advances In	0	22,140	22,140
Advances Out	(5,339)	(5,339)	0
Operating Transfers In	198,790	133,359	(65,431)
Excess of Revenues Under Expenses, Advances, and Transfers	(55,153)	(21,447)	33,706
Fund Balances at Beginning of Year	61,544	61,544	0
Prior Year Encumbrances Appropriated	16,848	16,848	0
Fund Balances at End of Year	<u>\$23,239</u>	<u>\$56,945</u>	<u>\$33,706</u>

See Accompanying Notes to the General Purpose Financial Statements

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Tuition	\$218,484
Cash Received from Customers	282,004
Cash Payments for Salaries	(464,095)
Cash Payments for Fringe Benefits	(109,546)
Cash Payments to Suppliers for Goods and Services	(271,358)
Net Cash Used for Operating Activities	<u>(344,511)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	209,022
Cash Received from Advances In	22,140
Cash Payments for Advances Out	(5,339)
Cash Received from Operating Transfers In	133,359
Net Cash Provided by Noncapital Financing Activities	<u>359,182</u>

Cash Flows from Capital and Related Financing Activities:

Cash Payments for Fixed Assets	<u>(1,530)</u>
--------------------------------	----------------

Net Increase in Cash and Cash Equivalents	13,141
Cash and Cash Equivalents at Beginning of Year	<u>78,392</u>
Cash and Cash Equivalents at End of Year	<u><u>\$91,533</u></u>

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss	(\$360,796)
----------------	-------------

Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Depreciation	6,173
Donated Commodities Used During Year	1,205
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,363)
Increase in Intergovernmental Receivable	(20)
Increase in Due from Other Funds	(155)
Increase in Prepaid Items	(2,467)
Decrease in Inventory Held for Resale	1,462
Decrease in Materials and Supplies Inventory	784
Increase in Accounts Payable	14,197
Decrease in Accrued Wages and Benefits	(6,149)
Increase in Compensated Absences Payable	2,220
Increase in Intergovernmental Payable	398
Net Cash Used for Operating Activities	<u><u>(\$344,511)</u></u>

Non-Cash Capital Transaction

During fiscal year 2000, the Permanent Improvement capital projects fund purchased fixed assets, in the amount of \$372, and donated them to the Food Service enterprise fund.

See Accompanying Notes to the General Purpose Financial Statements

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Delaware Joint Vocational School District (the "School 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 School District exposes students to job training skills leading to employment upon graduation from high school.

The School District was established in 1972. The School District serves Delaware and the surrounding counties. It is staffed by fifty-three classified employees, seventy-eight certified teaching personnel, and ten administrative employees who provide services to five hundred ninety-two students and other community members. The School District currently operates two instructional/administration buildings.

Reporting Entity

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

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

The School District is associated with the Tri-Rivers Educational Computer Association (TRECA), a jointly governed organization, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance pool. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

Special Revenue Funds - Special revenue funds are used to account for the 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 obligation principal, interest, and related costs.

Capital Projects Funds - 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 funds).

Proprietary Fund Type:

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Type: (Continued)

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

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 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: grants, interest, tuition, student fees, and rent.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the 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 year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function and fund. Any budgetary allocations at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for rate determination.

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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 fund types and reported in the notes to the financial statements for the enterprise funds.

Lapsing of Appropriations

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

D. Cash and Investments

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

During fiscal year 2000, investments were limited to repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

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 2000 was \$125,009.

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 an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventory in the governmental funds is stated at cost while inventory in the enterprise funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used. At fiscal year end, there was no inventory in the enterprise funds.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials and to create a reserve for budget stabilization.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of two hundred fifty dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of three to twenty years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from/to Other Funds". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and capital leases are reported as liabilities in the general long-term obligations account group until due.

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

Under Ohio law, a debt service fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Contributed Capital

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

M. Fund Balance Reserves and Designations

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

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

N. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

Non-Reimbursable Grants

General Fund

- Pell Grant

Special Revenue Funds

- Career Development
- Mental Health
- Workforce Development
- Adult Basic Education - State (ABLE)
- Professional Development

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds

- Management Information System
- Jog
- Community Resource Center
- Jobs Drop Out
- Peer Assistance and Review Planning
- Entry Year
- Computer Networking Tech Prep
- Information Technology Tech Prep
- Adult Basic Education - Federal (ABLE)
- Eisenhower
- High Tech
- Vocational Education Planning District (VEPD)
- Title VI

Capital Projects Funds

- Vocational Education Equipment
- 911 Training

Reimbursable Grants

Special Revenue Funds

- School to Work

Enterprise Fund

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements were 44 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Use of Estimates

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings at June 30, 2000.

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Adult Basic Education - State (ABLE)	\$1,315
School to Work	19,797
Capital Projects Fund	
Permanent Improvement	705,134
Enterprise Funds	
Food Service	250
Adult Education	120,861

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

The deficit in the capital projects fund was caused by the requirement to report the tax anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

The deficit retained earnings in the Food Service enterprise fund is the result of operating expenses exceeding operating revenues in fiscal year 2000. The deficit retained earnings in the Adult Education enterprise fund is the result of accumulated operating losses from prior years. The School District is reviewing the operation of these funds.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the enterprise funds (GAAP basis).
4. For enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays tax anticipation debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$185,874)	(\$156,300)	\$0	\$741,424
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 1999, Received in Cash FY 2000	1,023,064	62,808	0	387,182
Accrued FY 2000, Not Yet Received in Cash	(588,664)	(39,626)	0	(188,272)
Expenditure Accruals:				
Accrued FY 1999, Paid in Cash FY 2000	(624,656)	(26,269)	0	(72,401)
Accrued FY 2000, Not Yet Paid in Cash	638,869	57,507	0	26,976
Prepaid Items	(30,510)	(3,915)	0	0
Note Principal Retirement	0	0	(610,000)	0
Note Interest	0	0	(79,028)	79,028
Advances In	86,959	90,254	0	0
Advances Out	(112,394)	(81,620)	0	0
Reallocation of Debt Activity	0	0	689,028	(689,028)
Encumbrances Outstanding at Year End (Budget Basis)	(181,767)	(84,541)	0	(36,385)
Budget Basis	<u>\$25,027</u>	<u>(\$181,702)</u>	<u>\$0</u>	<u>\$248,524</u>

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss/Excess of Revenues Under
Expenses, Advances, and Transfers
Enterprise Funds

GAAP Basis	(\$17,121)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 1999, Received in Cash FY 2000	6,833
Accrued FY 2000, Not Yet Received in Cash	(9,103)
Expense Accruals:	
Accrued FY 1999, Paid in Cash FY 2000	(64,863)
Accrued FY 2000, Not Yet Paid in Cash	75,522
Prepaid Items	(2,467)
Inventory Held for Resale	1,462
Materials and Supplies Inventory	784
Acquisition of Fixed Assets	(1,530)
Depreciation Expense	6,173
Loss on Disposal of Fixed Assets	650
Advances In	22,140
Advances Out	(5,339)
Encumbrances Outstanding at Year End (Budget Basis)	<u>(34,588)</u>
Budget Basis	<u><u>(\$21,447)</u></u>

5. DEPOSITS AND INVESTMENTS

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

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

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

Protection of the 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 may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$1,898 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

At fiscal year end, the carrying amount of the School District's deposits was (\$165,091) and the bank balance was \$64,579. The entire bank balance was covered by federal depository insurance.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$575,000	\$575,000	\$575,089
STAR Ohio		1,978,713	1,978,713
Totals		\$2,553,713	\$2,553,802

The classification of cash and cash equivalents and investments on the combined balance sheet 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 classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,390,520	\$0
Cash on Hand	(1,898)	0
Investments:		
Repurchase Agreements	(575,000)	575,000
STAR Ohio	(1,978,713)	1,978,713
GASB Statement No.	(\$165,091)	\$2,553,713

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes for 2000 were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2000 were levied after April 1, 2000, on the assessed values as of December 31, 1999, 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 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes for 2000 were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Delaware, Franklin, Marion, Morrow, and Union Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$578,433 in the General Fund and \$188,249 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1999, was \$1,019,380 in the General Fund and \$387,182 in the Permanent Improvement capital projects fund.

Accrued property taxes receivable also includes amounts for any late tax settlements made by the Counties. For fiscal year 2000, this amount was \$63 in the General Fund and \$23 in the Permanent Improvement capital projects fund.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

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

	1999 First- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,666,152,510	85.68 %	\$2,095,680,440	87.49 %
Public Utility	112,115,500	5.76	116,752,470	4.88
Tangible Personal	166,372,492	8.56	182,780,812	7.63
Total Assessed Value	\$1,944,640,502	100.00 %	\$2,395,213,722	100.00 %
Tax rate per \$1,000 of assessed valuation	\$3.40		\$3.40	

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, interfund, and services charged to other funds. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$16,684. A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Delaware Municipal Court	\$10
Tri-Rivers Joint Vocational School District	3,127
Miscellaneous	535
Total General Fund	<u>3,672</u>
Special Revenue Funds	
Adult Basic Education - State (ABLE)	35,626
Vocational Education Planning District (VEPD)	4,000
Total Special Revenue Funds	<u>39,626</u>
Enterprise Fund	
Adult Education	2,804
Total Intergovernmental Receivables	<u><u>\$46,102</u></u>

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. FIXED ASSETS

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

Furniture and Equipment	\$113,811
Less Accumulated Depreciation	(69,614)
Net Fixed Assets	\$44,197

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

Asset Category	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$852,254	\$0	\$0	\$852,254
Buildings and Improvements	5,571,220	470,079	0	6,041,299
Furniture, Fixtures, and Equipment	2,772,011	301,031	270,841	2,802,201
Totals	\$9,195,485	\$771,110	\$270,841	\$9,695,754

9. INTERFUND ASSETS/LIABILITIES

At June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable			Payable		
	Interfund	Due from	Advances to	Interfund	Due to	Advances from
General Fund	\$114,597	\$0	\$94,142	\$0	\$300	\$0
Special Revenue Funds						
Support Services	0	0	0	405	0	0
Career Development	0	0	0	7,360	0	0
Adult Basic Education (ABLE) - Federal	0	0	0	36,842	0	0
Vocational Educational Planning District (VEPD)	0	0	0	22,550	0	0
School to Work	0	0	0	23,097	0	0
Total Special Revenue Funds	0	0	0	90,254	0	0
Enterprise Funds						
Special Services	0	300	0	22,140	0	0
Adult Education	0	0	0	0	0	94,142
Total Enterprise Funds	0	300	0	22,140	0	94,142
Agency Fund						
Student Activities	0	0	0	2,203	0	0
Total All Funds	\$114,597	\$300	\$94,142	\$114,597	\$300	\$94,142

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

Automobile Liability	\$1,000,000
Uninsured Motorists	1,000,000
Comprehensive (no deductible)	
Collision (\$250 deductible)	
Medical Payments - per person	5,000
General Liability	
Per Occurrence	3,000,000
Total Per Year	1,000,000
Fire Damage Limit	50,000
Medical Expense	5,000
Building and Contents/Boiler and Machinery (\$500 deductible)	19,723,189

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

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

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$225,978, \$232,803, and \$376,202, respectively; 95 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$12,383, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$79,225, \$100,804, and \$101,356, respectively; 92 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$6,078, is recorded as a liability within the respective funds and the general long-term obligations account group.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2000, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$301,303 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$129,779 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred fifty days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of seventy-five days.

B. Health Care Benefits

The School District offers health insurance to most employees through United Health Care of Ohio. Dental insurance is offered through the Guardian, and life insurance is offered through Medical Benefits Mutual Life Insurance Company. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

14. NOTES PAYABLE

On October 15, 1996, the School District issued tax anticipation notes, in the amount of \$3,050,000, to acquire and renovate a building to be used for instructional purposes. The notes have an interest rate of 5.27 percent. The notes mature on September 1, 2001, and are being repaid from a portion of a .9 mill permanent improvement levy. During fiscal year 2000, principal was retired, in the amount of \$610,000.

Principal and interest requirements to retire the tax anticipation notes are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	610,000	48,221	658,221
2002	610,000	16,073	626,073
Total	<u>\$1,220,000</u>	<u>\$64,294</u>	<u>\$1,284,294</u>

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Building Assistance Loan 1997 0.000%	\$450,000	\$0	\$33,333	\$416,667
Energy Conservation Loan 1998 5.100%	530,000	0	55,000	475,000
Total Long-Term Obligations	980,000	0	88,333	891,667
Compensated Absences Payable	403,145	0	16,676	386,469
Intergovernmental Payable	5,399	3,979	5,399	3,979
Capital Leases Payable	59,975	46,672	55,066	51,581
Total General Long-Term Obligations	<u>\$1,448,519</u>	<u>\$50,651</u>	<u>\$165,474</u>	<u>\$1,333,696</u>

FY 1997 Building Assistance Loan - On May 19, 1997, the School District obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan is being retired through the Debt Service Fund.

FY 1998 Energy Conservation Loan - On July 17, 1997, the School District obtained a loan, in the amount of \$628,839, for providing energy conservation for the School District. The loan was obtained under the authority of Ohio Revised Section 3317.372, for a nine year period, with final maturity during fiscal year 2007. The loan is being retired through the Debt Service Fund.

Compensated absences and the intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$213,932,568 with an unvoted debt margin of \$1,978,547 at June 30, 2000.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, were as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	93,334	24,225	117,559
2002	93,334	21,164	114,498
2003	98,334	18,105	116,439
2004	98,333	14,790	113,123
2005	103,333	11,475	114,808
2006-2010	321,666	11,985	333,651
2011-2013	83,333	0	83,333
Total	<u>\$891,667</u>	<u>\$101,744</u>	<u>\$993,411</u>

16. CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the combined financial statements for governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$288,203. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 were \$51,230 in the governmental funds. During fiscal year 2000, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$3,836.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$16,616
2002	16,616
2003	12,569
2004	11,221
2005	2,179
Total	59,201
Less Amount Representing Interest	(7,620)
Present Value of Net Minimum Lease Payments	\$51,581

17. SET ASIDE REQUIREMENTS

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 1999	\$0	\$0	\$104,775
Current Year Set Aside Requirement	173,855	173,855	57,952
Current Year Offsets	0	(173,855)	(49,102)
Qualifying Expenditures	(137,651)	0	0
Balance June 30, 2000	\$36,204	\$0	\$113,625

The total reserve balance for the set asides at the end of the fiscal year was \$149,829.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, special services, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Delaware Joint Vocational School District as of and for the fiscal year ended June 30, 2000.

Description	Food Service	Uniform School Supply	Special Services	Adult Education	Totals
Operating Revenues	\$107,107	\$28,412	\$128,996	\$237,504	\$502,019
Depreciation Expense	6,173	0	0	0	6,173
Operating Loss	(85,460)	(8,506)	(16,933)	(249,897)	(360,796)
Federal Donated Commodities	1,205	0	0	0	1,205
Operating Grants	6,798	0	0	202,963	209,761
Operating Transfers In	81,399	9,334	0	42,626	133,359
Net Income (Loss)	3,292	828	(16,933)	(4,308)	(17,121)
Fixed Asset Additions	1,902	0	0	0	1,902
Fixed Asset Reductions	3,241	0	0	0	3,241
Current Contributed Capital Other Funds	372	0	0	0	372
Net Working Capital	(5)	6,565	27,751	(778)	33,533
Total Assets	60,703	6,565	63,028	17,774	148,070
Total Equity	42,792	6,565	27,750	(120,861)	(43,754)
Encumbrances Outstanding at Year End (Budget Basis)	14,603	0	13,606	6,379	34,588

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. JOINTLY GOVERNED ORGANIZATION

Tri-Rivers Educational Computer Association - The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

20. INSURANCE POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

21. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,497,183 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's School Solvency Assistance Fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

**DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

21. STATE SCHOOL FUNDING DECISION (Continued)

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

22. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Delaware Joint Vocational School District
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

We have audited the general purpose financial statements of Delaware Joint Vocational School District, Delaware County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 31, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 31, 2001.

Board of Education
Delaware Joint Vocational School District
Delaware County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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DELAWARE JOINT VOCATIONAL SCHOOL DISTRICT

DELAWARE 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 27, 2001**