

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
AUDITED GENERAL PURPOSE
FINANCIAL STATEMENTS
JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 22, 2003

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APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

JUNE 30, 2002

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 13, 2002

To the Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of Apollo Joint Vocational School District, as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Apollo Joint Vocational School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 13, 2002 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.

The accompanying Schedule of Expenditures of Federal Awards – Budgetary Basis is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Hea & Associates, Inc.

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APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

| | Governmental Fund Types | | |
|---|-------------------------|--------------------|---------------------|
| | General | Special Revenue | Capital Projects |
| <u>Assets and Other Debits:</u> | | | |
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,082,655 | \$ 746,042 | \$ 553,102 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 0 |
| <u>Receivables:</u> | | | |
| Property Taxes | 2,900,300 | 0 | 764,443 |
| Accounts | 12,515 | 119,757 | 3,473 |
| Intergovernmental | 0 | 33,991 | 0 |
| Interfund | 266,767 | 0 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 |
| Prepaid Items | 83,669 | 24,894 | 0 |
| <u>Restricted Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | 25,106 | 0 | 0 |
| Fixed Assets (net, where applicable, of accumulated depreciation) | 0 | 0 | 0 |
| <u>Other Debits:</u> | | | |
| Amount Available in Special Revenue Fund for Payment of Termination Benefits | 0 | 0 | 0 |
| Amount to be Provided from General Governmental Resources | 0 | 0 | 0 |
| Total Assets and Other Debits | \$ 5,371,012 | \$ 924,684 | \$ 1,321,018 |
| <u>Liabilities, Fund Equity, and Other Credits:</u> | | | |
| <u>Liabilities:</u> | | | |
| Accounts Payable | \$ 42,111 | \$ 13,243 | \$ 19,756 |
| Contracts Payable | 0 | 88,426 | 0 |
| Accrued Wages and Benefits | 590,536 | 170,734 | 0 |
| Compensated Absences Payable | 38,222 | 5,323 | 0 |
| Intergovernmental Payable | 80,496 | 23,475 | 17 |
| Interfund Payable | 0 | 228,767 | 0 |
| Deferred Revenue | 2,590,895 | 29,522 | 733,677 |
| Undistributed Assets | 0 | 0 | 0 |
| Due to Students | 0 | 0 | 0 |
| Building Assistance Loan | 0 | 0 | 0 |
| Total Liabilities | 3,342,260 | 559,490 | 753,450 |
| <u>Fund Equity and Other Credits:</u> | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 |
| <u>Retained Earnings:</u> | | | |
| Unreserved (Deficit) | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 |
| <u>Fund Balance:</u> | | | |
| Reserved for Property Taxes | 309,405 | 0 | 30,766 |
| Reserved for Budget Stabilization | 25,106 | 0 | 0 |
| Reserved for Encumbrances | 129,916 | 90,170 | 75,866 |
| Reserved for Endowment | 0 | 0 | 0 |
| Designated for Termination Benefits | 0 | 200,000 | 0 |
| Unreserved, Undesignated | 1,564,325 | 75,024 | 460,936 |
| Total Fund Equity and Other Credits | 2,028,752 | 365,194 | 567,568 |
| Total Liabilities, Fund Equity, and Other Credits | \$ 5,371,012 | \$ 924,684 | \$ 1,321,018 |

See Accompanying Notes to the General Purpose Financial Statements

| Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) |
|--------------------------|-------------------------|----------------------------|-------------------------------------|--------------------------------|
| | | General Fixed Assets | General Long-Term Obligations | |
| Enterprise | Trust and Agency | | | |
| \$ 39,014 | \$ 112,989 | \$ 0 | \$ 0 | \$ 3,533,802 |
| 0 | 25,000 | | | 25,000 |
| 0 | 0 | 0 | 0 | 3,664,743 |
| 103 | 0 | 0 | 0 | 135,848 |
| 0 | 0 | 0 | 0 | 33,991 |
| 0 | 0 | 0 | 0 | 266,767 |
| 47,624 | 0 | 0 | 0 | 47,624 |
| 1,490 | 0 | 0 | 0 | 110,053 |
| 0 | 0 | 0 | 0 | 25,106 |
| 47,742 | 0 | 12,990,386 | 0 | 13,038,128 |
| 0 | 0 | 0 | 200,000 | 200,000 |
| 0 | 0 | 0 | 1,306,989 | 1,306,989 |
| <u>\$ 135,973</u> | <u>\$ 137,989</u> | <u>\$ 12,990,386</u> | <u>\$ 1,506,989</u> | <u>\$ 22,388,051</u> |
| \$ 4,098 | \$ 1,111 | \$ 0 | \$ 0 | \$ 80,319 |
| 0 | 0 | 0 | 0 | 88,426 |
| 12,871 | 0 | 0 | 0 | 774,141 |
| 0 | 0 | 0 | 292,146 | 335,691 |
| 3,042 | 0 | 0 | 7,279 | 114,309 |
| 38,000 | 0 | 0 | 0 | 266,767 |
| 0 | 0 | 0 | 0 | 3,354,094 |
| 0 | 299 | 0 | 0 | 299 |
| 0 | 36,342 | 0 | 0 | 36,342 |
| 0 | 0 | 0 | 1,207,564 | 1,207,564 |
| <u>58,011</u> | <u>37,752</u> | <u>0</u> | <u>1,506,989</u> | <u>6,257,952</u> |
| 0 | 0 | 12,990,386 | 0 | 12,990,386 |
| (147,902) | 0 | 0 | 0 | (147,902) |
| 225,864 | 0 | 0 | 0 | 225,864 |
| 0 | 0 | 0 | 0 | 340,171 |
| 0 | 0 | 0 | 0 | 25,106 |
| 0 | 1,420 | 0 | 0 | 297,372 |
| 0 | 5,000 | 0 | 0 | 5,000 |
| 0 | 0 | 0 | 0 | 200,000 |
| 0 | 93,817 | 0 | 0 | 2,194,102 |
| <u>77,962</u> | <u>100,237</u> | <u>12,990,386</u> | <u>0</u> | <u>16,130,099</u> |
| <u>\$ 135,973</u> | <u>\$ 137,989</u> | <u>\$ 12,990,386</u> | <u>\$ 1,506,989</u> | <u>\$ 22,388,051</u> |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2002

| | Governmental Fund Types | | | Capital Projects | Fiduciary |
|---|-------------------------|--------------------|--------------|---------------------|---------------------|
| | General | Special Revenue | Debt Service | | Expendable Trust |
| Revenues: | | | | | |
| Property Taxes | \$ 2,855,824 | \$ 0 | \$ 0 | \$ 758,308 | \$ 0 |
| Intergovernmental | 3,716,594 | 1,086,855 | 0 | 147,982 | 0 |
| Interest | 223,019 | 6,085 | 0 | 0 | 2,234 |
| Tuition and Fees | 52,585 | 1,530,143 | 0 | 0 | 0 |
| Gifts and Donations | 0 | 0 | 0 | 0 | 16,165 |
| Miscellaneous | 111,692 | 23,497 | 0 | 3,473 | 1,027 |
| Total Revenues | 6,959,714 | 2,646,580 | 0 | 909,763 | 19,426 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 767,778 | 0 | 0 | 0 | 0 |
| Special | 90,821 | 0 | 0 | 0 | 0 |
| Vocational | 2,800,544 | 2,103,698 | 0 | 10,017 | 0 |
| Adult/Continuing Education | 0 | 52,110 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupils | 383,500 | 134,045 | 0 | 0 | 0 |
| Instructional Staff | 346,818 | 541,560 | 0 | 0 | 0 |
| Board of Education | 26,641 | 0 | 0 | 0 | 0 |
| Administration | 875,770 | 17,866 | 0 | 0 | 0 |
| Fiscal | 319,348 | 0 | 0 | 14,468 | 0 |
| Operation and Maintenance of Plant | 778,932 | 4,774 | 0 | 0 | 0 |
| Pupil Transportation | 6,569 | 0 | 0 | 0 | 0 |
| Central | 63,879 | 0 | 0 | 19,756 | 0 |
| Non-Instructional Services | 4,907 | 16,061 | 0 | 0 | 17,073 |
| Extracurricular Activities | 6,648 | 0 | 0 | 0 | 0 |
| Capital Outlay | 4,140 | 876,257 | 0 | 1,391,064 | 0 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 5,174 | 3,729 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 163 | 0 |
| Total Expenditures | 6,476,295 | 3,746,371 | 5,174 | 1,439,197 | 17,073 |
| Excess of Revenues Over (Under) Expenditures | 483,419 | (1,099,791) | (5,174) | (529,434) | 2,353 |
| Other Financing Sources (Uses): | | | | | |
| Proceeds of Loan | 0 | 1,207,564 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 321,377 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 34,468 | 0 | 0 | 0 |
| Operating Transfers Out | (41,468) | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 279,909 | 1,242,032 | 0 | 0 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 763,328 | 142,241 | (5,174) | (529,434) | 2,353 |
| Fund Balances at Beginning of Year | 1,265,424 | 222,953 | 5,174 | 1,097,002 | 88,460 |
| Fund Balances at End of Year | \$ 2,028,752 | \$ 365,194 | \$ 0 | \$ 567,568 | \$ 90,813 |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2002

| | General Fund | | | Special Revenue Funds | | |
|---|--------------------|---------------------|--|-----------------------|-------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Property Taxes | \$ 2,881,166 | \$ 2,799,584 | \$ (81,582) | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental | 3,800,541 | 3,716,594 | (83,947) | 1,252,012 | 1,094,863 | (157,149) |
| Interest | 221,492 | 235,677 | 14,185 | 15,000 | 6,085 | (8,915) |
| Tuition and Fees | 47,100 | 53,275 | 6,175 | 1,625,800 | 1,532,889 | (92,911) |
| Gifts and Donations | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 90,025 | 90,119 | 94 | 15,000 | 23,260 | 8,260 |
| Total Revenues | 7,040,324 | 6,895,249 | (145,075) | 2,907,812 | 2,657,097 | (250,715) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 690,600 | 754,646 | (64,046) | 0 | 0 | 0 |
| Special | 141,700 | 90,522 | 51,178 | 0 | 0 | 0 |
| Vocational | 3,041,095 | 2,810,674 | 230,421 | 2,373,801 | 2,120,951 | 252,850 |
| Adult/Continuing Education | 0 | 0 | 0 | 56,950 | 54,725 | 2,225 |
| Support Services: | | | | | | |
| Pupils | 402,800 | 383,975 | 18,825 | 58,045 | 133,928 | (75,883) |
| Instructional Staff | 557,262 | 349,600 | 207,662 | 471,479 | 549,225 | (77,746) |
| Board of Education | 44,700 | 31,118 | 13,582 | 0 | 0 | 0 |
| Administration | 818,344 | 898,343 | (79,999) | 17,805 | 17,845 | (40) |
| Fiscal | 324,800 | 327,415 | (2,615) | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 703,786 | 829,801 | (126,015) | 3,790 | 5,258 | (1,468) |
| Pupil Transportation | 6,897 | 7,098 | (201) | 0 | 0 | 0 |
| Central | 66,401 | 72,918 | (6,517) | 2,199 | 825 | 1,374 |
| Non-Instructional Services | 8,000 | 4,907 | 3,093 | 16,061 | 16,061 | 0 |
| Extracurricular Activities | 10,000 | 6,648 | 3,352 | 0 | 0 | 0 |
| Capital Outlay | 2,000 | 4,140 | (2,140) | 1,207,564 | 930,102 | 277,462 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 6,818,385 | 6,571,805 | 246,580 | 4,207,694 | 3,828,920 | 378,774 |
| Excess of Revenues Over (Under) Expenditures | 221,939 | 323,444 | 101,505 | (1,299,882) | (1,171,823) | 128,059 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds of Loan | 0 | 0 | 0 | 1,207,564 | 1,207,564 | 0 |
| Proceeds from Sale of Fixed Assets | 164,604 | 321,377 | 156,773 | 0 | 0 | 0 |
| Refund of Prior Year Expenditures | 188 | 14,578 | 14,390 | 0 | 0 | 0 |
| Refund of Prior Year Receipts | 0 | 0 | 0 | (1,404) | (1,284) | 120 |
| Other Financing Uses | (1,485,215) | 0 | 1,485,215 | 0 | 0 | 0 |
| Advances In | 177,000 | 137,250 | (39,750) | 3,000 | 228,767 | 225,767 |
| Advances Out | 0 | (266,767) | (266,767) | 0 | (101,250) | (101,250) |
| Operating Transfers In | 0 | 0 | 0 | 34,468 | 34,468 | 0 |
| Operating Transfers Out | (250,000) | (41,468) | 208,532 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (1,393,423) | 164,970 | 1,558,393 | 1,243,628 | 1,368,265 | 124,637 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,171,484) | 488,414 | 1,659,898 | (56,254) | 196,442 | 252,696 |
| Fund Balances at Beginning of Year | 1,300,184 | 1,300,184 | 0 | 256,883 | 256,883 | 0 |
| Prior Year Encumbrances Appropriated | 155,712 | 155,712 | 0 | 80,952 | 80,952 | 0 |
| Fund Balances at End of Year | \$ 284,412 | \$ 1,944,310 | \$ 1,659,898 | \$ 281,581 | \$ 534,277 | \$ 252,696 |

See Accompanying Notes to the General Purpose Financial Statements

(continued)

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2002

| | Debt Service Fund | | | Capital Projects Funds | | |
|---|-------------------|--------------|--|------------------------|-------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 734,461 | \$ 736,614 | \$ 2,153 |
| Intergovernmental | 0 | 0 | 0 | 142,539 | 147,982 | 5,443 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Tuition and Fees | 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 | 877,000 | 884,596 | 7,596 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 0 | 0 | 0 | 0 | 0 | 0 |
| Special | 0 | 0 | 0 | 0 | 0 | 0 |
| Vocational | 0 | 0 | 0 | 361,527 | 779,379 | (417,852) |
| Adult/Continuing Education | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | | |
| Pupils | 0 | 0 | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 | 10,000 | 0 | 10,000 |
| Board of Education | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 30,000 | 7,235 | 22,765 |
| Fiscal | 0 | 0 | 0 | 16,000 | 14,468 | 1,532 |
| Operation and Maintenance of Plant | 0 | 0 | 0 | 35,000 | 125,587 | (90,587) |
| Pupil Transportation | 0 | 0 | 0 | 25,000 | 0 | 25,000 |
| Central | 0 | 0 | 0 | 327,500 | 364,144 | (36,644) |
| Non-Instructional Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 780,000 | 240,334 | 539,666 |
| Debt Service: | | | | | | |
| Principal Retirement | 5,174 | 5,174 | 0 | 0 | 0 | 0 |
| Total Expenditures | 5,174 | 5,174 | 0 | 1,585,027 | 1,531,147 | 53,880 |
| Excess of Revenues Over (Under) Expenditures | (5,174) | (5,174) | 0 | (708,027) | (646,551) | 61,476 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds of Loan | | | | | | |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Refund of Prior Year Expenditures | 0 | 0 | 0 | 0 | 0 | 0 |
| Refund of Prior Year Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Financing Uses | 0 | 0 | 0 | 0 | 0 | 0 |
| Advances In | 0 | 0 | 0 | 0 | 0 | 0 |
| Advances Out | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (5,174) | (5,174) | 0 | (708,027) | (646,551) | 61,476 |
| Fund Balances at Beginning of Year | 0 | 0 | 0 | 774,602 | 774,602 | 0 |
| Prior Year Encumbrances Appropriated | 5,174 | 5,174 | 0 | 334,098 | 334,098 | 0 |
| Fund Balances at End of Year | \$ 0 | \$ 0 | \$ 0 | \$ 400,673 | \$ 462,149 | \$ 61,476 |

See Accompanying Notes to the General Purpose Financial Statements

| Expendable Trust Funds | | | Totals (Memorandum Only) | | |
|------------------------|-----------|----------------------------------|--------------------------|--------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 0 | \$ 0 | \$ 0 | \$ 3,615,627 | \$ 3,536,198 | \$ (79,429) |
| 0 | 0 | 0 | 5,195,092 | 4,959,439 | (235,653) |
| 5,300 | 2,234 | (3,066) | 241,792 | 243,996 | 2,204 |
| 0 | 0 | 0 | 1,672,900 | 1,586,164 | (86,736) |
| 22,150 | 16,165 | (5,985) | 22,150 | 16,165 | (5,985) |
| 720 | 610 | (110) | 105,745 | 113,989 | 8,244 |
| 28,170 | 19,009 | (9,161) | 10,853,306 | 10,455,951 | (397,355) |
| 0 | 0 | 0 | 690,600 | 754,646 | (64,046) |
| 0 | 0 | 0 | 141,700 | 90,522 | 51,178 |
| 0 | 0 | 0 | 5,776,423 | 5,711,004 | 65,419 |
| 0 | 0 | 0 | 56,950 | 54,725 | 2,225 |
| 0 | 0 | 0 | 460,845 | 517,903 | (57,058) |
| 0 | 0 | 0 | 1,038,741 | 898,825 | 139,916 |
| 0 | 0 | 0 | 44,700 | 31,118 | 13,582 |
| 0 | 0 | 0 | 866,149 | 923,423 | (57,274) |
| 0 | 0 | 0 | 340,800 | 341,883 | (1,083) |
| 0 | 0 | 0 | 742,576 | 960,646 | (218,070) |
| 0 | 0 | 0 | 31,897 | 7,098 | 24,799 |
| 0 | 0 | 0 | 396,100 | 437,887 | (41,787) |
| 30,950 | 18,993 | 11,957 | 55,011 | 39,961 | 15,050 |
| 0 | 0 | 0 | 10,000 | 6,648 | 3,352 |
| 0 | 0 | 0 | 1,989,564 | 1,174,576 | 814,988 |
| 0 | 0 | 0 | 5,174 | 5,174 | 0 |
| 30,950 | 18,993 | 11,957 | 12,647,230 | 11,956,039 | 691,191 |
| (2,780) | 16 | 2,796 | (1,793,924) | (1,500,088) | 293,836 |
| 0 | 0 | 0 | 1,207,564 | 1,207,564 | 0 |
| 0 | 0 | 0 | 164,604 | 321,377 | 156,773 |
| 0 | 417 | 417 | 188 | 14,995 | 14,807 |
| 0 | 0 | 0 | (1,404) | (1,284) | 120 |
| 0 | 0 | 0 | (1,485,215) | 0 | 1,485,215 |
| 0 | 0 | 0 | 180,000 | 366,017 | 186,017 |
| 0 | 0 | 0 | 0 | (368,017) | (368,017) |
| 0 | 0 | 0 | 34,468 | 34,468 | 0 |
| 0 | 0 | 0 | (250,000) | (41,468) | 208,532 |
| 0 | 417 | 417 | (149,795) | 1,533,652 | 1,683,447 |
| (2,780) | 433 | 3,213 | (1,943,719) | 33,564 | 1,977,283 |
| 89,303 | 89,303 | 0 | 2,420,972 | 2,420,972 | 0 |
| 157 | 157 | 0 | 576,093 | 576,093 | 0 |
| \$ 86,680 | \$ 89,893 | \$ 3,213 | \$ 1,053,346 | \$ 3,030,629 | \$ 1,977,283 |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

| | Proprietary Fund Type | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|--------------------------|------------------------|--------------------------------|
| | Enterprise | Nonexpendable Trust | |
| <u>Operating Revenues:</u> | | | |
| Sales | \$ 283,907 | \$ 0 | \$ 283,907 |
| Interest | 0 | 236 | 236 |
| Total Operating Revenues | <u>283,907</u> | <u>236</u> | <u>284,143</u> |
| <u>Operating Expenses:</u> | | | |
| Salaries | 77,691 | 0 | 77,691 |
| Fringe Benefits | 32,666 | 0 | 32,666 |
| Cost of Sales | 198,048 | 0 | 198,048 |
| Other Operating Expenses | 0 | 300 | 300 |
| Depreciation | 5,823 | 0 | 5,823 |
| Total Operating Expenses | <u>314,228</u> | <u>300</u> | <u>314,528</u> |
| Operating Loss | <u>(30,321)</u> | <u>(64)</u> | <u>(30,385)</u> |
| <u>Non-Operating Revenues:</u> | | | |
| Interest | 844 | 0 | 844 |
| Operating Grants | 2,433 | 0 | 2,433 |
| Total Non-Operating Revenues | <u>3,277</u> | <u>0</u> | <u>3,277</u> |
| Income Before Operating Transfers | (27,044) | (64) | (27,108) |
| Operating Transfers In | <u>7,000</u> | <u>0</u> | <u>7,000</u> |
| Net Loss | (20,044) | (64) | (20,108) |
| Retained Earnings (Deficit)/Fund Balance at Beginning of Year | <u>(127,858)</u> | <u>9,488</u> | <u>(118,370)</u> |
| Retained Earnings (Deficit)/Fund Balance at End of Year | <u>(147,902)</u> | <u>9,424</u> | <u>(138,478)</u> |
| Contributed Capital at Beginning of Year | <u>225,864</u> | <u>0</u> | <u>225,864</u> |
| Contributed Capital at End of Year | <u>225,864</u> | <u>0</u> | <u>225,864</u> |
| Total Fund Equity at End of Year | <u>\$ 77,962</u> | <u>\$ 9,424</u> | <u>\$ 87,386</u> |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

| | Enterprise Funds | | |
|--|-------------------|-----------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Sales | \$ 320,400 | \$ 284,159 | \$ (36,241) |
| Interest | 1,500 | 844 | (656) |
| Other Revenues | 14,000 | 0 | (14,000) |
| Operating Grants | 2,000 | 2,684 | 684 |
| Total Revenues | <u>337,900</u> | <u>287,687</u> | <u>(50,213)</u> |
| <u>Expenses:</u> | | | |
| Salaries | 65,000 | 77,188 | (12,188) |
| Fringe Benefits | 40,000 | 32,922 | 7,078 |
| Materials and Supplies | 244,000 | 234,714 | 9,286 |
| Other Expenses | 0 | 0 | 0 |
| Total Expenses | <u>349,000</u> | <u>344,824</u> | <u>4,176</u> |
| Excess of Revenues Over (Under) Expenses | (11,100) | (57,137) | (46,037) |
| Advances In | 0 | 38,000 | 38,000 |
| Advances Out | 0 | (36,000) | (36,000) |
| Operating Transfers In | 6,000 | 7,000 | 1,000 |
| Excess of Revenues Over (Under) Expenses, Advances, and Transfers | (5,100) | (48,137) | (43,037) |
| Fund Balances at Beginning of Year | 21,763 | 21,763 | 0 |
| Prior Year Encumbrances Appropriated | 28,206 | 28,206 | 0 |
| Fund Balances at End of Year | <u>\$ 44,869</u> | <u>\$ 1,832</u> | <u>\$ (43,037)</u> |

(continued)

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

| | Nonexpendable Trust Fund | | | Totals (Memorandum Only) | | |
|--|--------------------------|-----------------|--|-----------------------------|------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | | | | |
| Sales | \$ 0 | \$ 0 | \$ 0 | \$ 320,400 | \$ 284,159 | \$ (36,241) |
| Interest | 500 | 236 | (264) | 2,000 | 1,080 | (920) |
| Other Revenues | 0 | 0 | 0 | 14,000 | 0 | (14,000) |
| Operating Grants | 0 | 0 | 0 | 2,000 | 2,684 | 684 |
| Total Revenues | <u>500</u> | <u>236</u> | <u>(264)</u> | <u>338,400</u> | <u>287,923</u> | <u>(50,477)</u> |
| <u>Expenses:</u> | | | | | | |
| Salaries | 0 | 0 | 0 | 65,000 | 77,188 | (12,188) |
| Fringe Benefits | 0 | 0 | 0 | 40,000 | 32,922 | 7,078 |
| Materials and Supplies | 0 | 0 | 0 | 244,000 | 234,714 | 9,286 |
| Other Expenses | 500 | 300 | 200 | 500 | 300 | 200 |
| Total Expenses | <u>500</u> | <u>300</u> | <u>200</u> | <u>349,500</u> | <u>345,124</u> | <u>4,376</u> |
| Excess of Revenues Over (Under) Expenses | 0 | (64) | (64) | (11,100) | (57,201) | (46,101) |
| Advances In | 0 | 0 | 0 | 0 | 38,000 | 38,000 |
| Advances Out | 0 | 0 | 0 | 0 | (36,000) | (36,000) |
| Operating Transfers In | 0 | 0 | 0 | 6,000 | 7,000 | 1,000 |
| Excess of Revenues Over (Under) Expenses, Advances, and Transfers | 0 | (64) | (64) | (5,100) | (48,201) | (43,101) |
| Fund Balances at Beginning of Year | 9,488 | 9,488 | 0 | 31,251 | 31,251 | 0 |
| Prior Year Encumbrances Appropriated | 0 | 0 | 0 | 28,206 | 28,206 | 0 |
| Fund Balances at End of Year | <u>\$ 9,488</u> | <u>\$ 9,424</u> | <u>\$ (64)</u> | <u>\$ 54,357</u> | <u>\$ 11,256</u> | <u>\$ (43,101)</u> |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

| | <u>Enterprise</u> | <u>Nonexpendable Trust</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------|--------------------------------|---|
| <u>Increase (Decrease) in Cash and Cash Equivalents:</u> | | | |
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash Received from Customers | \$ 284,159 | \$ 0 | \$ 284,159 |
| Cash Payments for Salaries | (77,188) | 0 | (77,188) |
| Cash Payments for Fringe Benefits | (32,922) | 0 | (32,922) |
| Cash Payments for Goods and Services | (197,532) | 0 | (197,532) |
| Cash Payments for Other Expenses | <u>0</u> | <u>(300)</u> | <u>(300)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(23,483)</u> | <u>(300)</u> | <u>(23,783)</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | |
| Cash Received from Operating Grants | 2,684 | 0 | 2,684 |
| Cash Received from Advances In | 38,000 | 0 | 38,000 |
| Cash Paid for Advances Out | (36,000) | 0 | (36,000) |
| Cash Received from Operating Transfers In | <u>7,000</u> | <u>0</u> | <u>7,000</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>11,684</u> | <u>0</u> | <u>11,684</u> |
| <u>Cash Flows from Investing Activities:</u> | | | |
| Cash Received from Interest | <u>844</u> | <u>236</u> | <u>1,080</u> |
| Net Cash Provided by Investing Activities | <u>844</u> | <u>236</u> | <u>1,080</u> |
| Net Increase in Cash and Cash Equivalents | (10,955) | (64) | (11,019) |
| Cash and Cash Equivalents at Beginning of Year | <u>49,969</u> | <u>9,488</u> | <u>59,457</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 39,014</u> | <u>\$ 9,424</u> | <u>\$ 48,438</u> |

See Accompanying Notes to the General Purpose Financial Statements

(continued)

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

| | Enterprise | Nonexpendable Trust | Totals (Memorandum Only) |
|--|-------------|------------------------|--------------------------------|
| Reconciliation of Operating Loss to Net Cash | | | |
| <u>Used for Operating Activities:</u> | | | |
| Operating Loss | \$ (30,321) | \$ (64) | \$ (30,385) |
| Adjustments to Reconcile Operating Loss to Net Cash | | | |
| <u>Used for Operating Activities:</u> | | | |
| Depreciation | 5,823 | 0 | 5,823 |
| Interest Reported as Operating Income | 0 | (236) | (236) |
| Changes in Assets and Liabilities: | | | |
| Increase in Accounts Receivable | 252 | 0 | 252 |
| Increase in Inventory Held for Resale | 4,587 | 0 | 4,587 |
| Increase in Prepaid Items | (152) | 0 | (152) |
| Increase in Accounts Payable | (4,072) | 0 | (4,072) |
| Increase in Accrued Wages and Benefits | 657 | 0 | 657 |
| Increase in Intergovernmental Payable | (257) | 0 | (257) |
| Total Adjustments | 6,838 | (236) | 6,602 |
| Net Cash Used for Operating Activities | \$ (23,483) | \$ (300) | \$ (23,783) |
| <u>Reconciliation of Trust and Agency Funds:</u> | | | |
| Cash and Cash Equivalents - All Fiduciary Fund Types: | | \$ 137,989 | |
| Cash and Cash Equivalents - Agency Funds | | (37,252) | |
| Cash and Cash Equivalents - Expendable Trust Funds | | (91,313) | |
| Cash and Cash Equivalents - Nonexpendable Trust Fund | | \$ 9,424 | |

See Accompanying Notes to the General Purpose Financial Statements

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Apollo Career Center (the "Career Center") 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 Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-three classified employees and seventy-eight certified teaching personnel who provide services to six hundred nine students and other community members. The Career Center currently operates one instructional building.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure the financial statements are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For Apollo Career Center, this includes general operations, food service, and student related activities of the Career Center.

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the NOACSC Workers' Compensation Group Rating Plan, the Allen County Schools Health Benefits Plan, and the Ohio School Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Apollo Career Center 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 Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation - Fund Accounting

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

General Fund - The General Fund is the operating fund of the Career Center 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 Career Center 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 and expendable trusts) 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 Career Center's ongoing activities which are similar to those found in the private sector. The following is the Career Center's proprietary fund type:

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 Career Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Career Center's fiduciary funds are expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 Career Center, except those accounted for in proprietary funds or trust funds.

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the 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 proprietary fund type and nonexpendable trust fund 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.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and nonexpendable trust fund.

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

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there was an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis, expenses are recognized at the time they are incurred.

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

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 by fund cannot exceed estimated resources, as certified.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at function and object level within all funds are made by the Career Center Treasurer.

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

Tax Budget

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

By no later than January 20, the Board-adopted budget is filed with the Allen 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 Career Center 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 Career Center Treasurer. The amounts reported on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

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, one supplemental appropriation resolution was legally enacted.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. 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 expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and nonexpendable trust fund.

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 Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents held for the Career Center by Dayton Foundation are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2002, the Career Center's investments included non-negotiable certificates of deposit, repurchase agreements, and STAR Ohio. Non-negotiable certificates of deposit and 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, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 was \$223,019, which included \$29,038 assigned from other Career Center funds.

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

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

E. Inventory

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory in the proprietary funds consists purchased food and school supplies held for resale and is expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute 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 proprietary 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 Career Center maintains a capitalization threshold of two thousand dollars. The Career Center 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 proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables".

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

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

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 are reported as liabilities in the general long-term obligations account group until due.

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

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds prior to fiscal year 2001 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.

Capital contributions received from other governments and private sources subsequent to fiscal year 2000 are recorded as revenues and reported as retained earnings. Contributions from other funds continue to be reported as contributed capital.

M. Fund Balance Reserves and Designations

The Career Center 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, budget stabilization, encumbrances, and endowment.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
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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 reserve for the endowment signifies legal restrictions on the use of principal in the nonexpendable trust fund. The designation for termination benefits represents revenues accumulated in a special revenue fund for future severance payments.

N. 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.

O. 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.

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances/retained earnings at June 30, 2002:

| Fund Type/Fund | Deficit |
|---|---------|
| Special Revenue Funds | |
| Education Management Information System | \$12 |
| Adult Basic Literacy Education | 6,975 |
| Secondary Vocational Education | 12,265 |
| Capital Projects Fund | |
| SchoolNet | 17 |
| Enterprise Fund | |
| Food Service | 186,564 |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

The deficit retained earnings in the Food Service enterprise fund is the result of accumulated operating losses from prior years. The fund is subsidized by the General Fund as needed. The Career Center is reviewing the operation of this fund.

B. Compliance

The Adult Education special revenue fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2002, in the amount of \$27,554.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Career Center is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Budget Basis) - Proprietary Fund Type and Nonexpendable Trust Fund 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 expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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
Governmental Fund Types and Expendable Trust Funds

| | Governmental Fund Types | | | Expendable Trust |
|-------------------------|-------------------------|--------------------|---------------------|---------------------|
| | General | Special Revenue | Capital Projects | |
| GAAP Basis | \$763,328 | \$142,241 | (\$529,434) | \$2,353 |
| Revenue Accruals | | | | |
| 2001 | 270,313 | 134,743 | 9,072 | 0 |
| 2002 | (321,920) | (124,226) | (34,239) | 0 |
| Expenditure Accruals | | | | |
| 2001 | (659,926) | (163,550) | (20,770) | (1,000) |
| 2002 | 751,365 | 301,201 | 19,773 | 500 |
| Prior Year Cash on Hand | 1,720 | 0 | 0 | 0 |
| Prepaid Items | (23,498) | (9,719) | 0 | 0 |
| Advances In | 137,250 | 228,767 | 0 | 0 |
| Advances Out | (266,767) | (101,250) | 0 | 0 |
| Encumbrances | (163,451) | (211,765) | (90,953) | (1,420) |
| Budget Basis | <u>\$488,414</u> | <u>\$196,442</u> | <u>(\$646,551)</u> | <u>\$433</u> |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Net Loss/Excess of Revenues Under Expenses,
Advances, and Transfers
Proprietary Fund Type

| | Enterprise |
|---------------------------|------------|
| GAAP Basis | (\$20,044) |
| Revenue Accruals | |
| 2001 | 606 |
| 2002 | (103) |
| Expense Accruals | |
| 2001 | (23,683) |
| 2002 | 20,011 |
| Inventory Held for Resale | 4,587 |
| Prepaid Items | (152) |
| Depreciation Expense | 5,823 |
| Advances In | 38,000 |
| Advances Out | (36,000) |
| Encumbrances | (37,182) |
| Budget Basis | (\$48,137) |

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Career Center 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 Career Center 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the Career Center'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.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
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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 Career Center, 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 Career Center had \$1,480 in undeposited cash on hand which is included on the balance sheet of the Career Center as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the Career Center had \$25,000 in cash and cash equivalents held by the Dayton Foundation, which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Dayton Foundation holds these donations for the Career Center together with that of other school districts and therefore the Career Center cannot classify this money by risk under GASB Statement No. 3.

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".

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

At fiscal year end, the carrying amount of the Career Center's deposits was \$2,795,106 and the bank balance was \$3,446,228. Of the bank balance \$100,000 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center's investments are categorized to give an indication of the level of risk assumed by the Career Center at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Career Center or its agent in the Career Center'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 Career Center'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 Career Center'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 Value | Fair Value |
|-----------------------|------------|----------------|------------|
| Repurchase Agreements | \$619,739 | \$619,739 | \$619,769 |
| STAR Ohio | | 142,583 | 142,583 |
| Totals | | \$762,322 | \$762,352 |

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 | \$3,583,908 | \$0 |
| Cash on Hand | (1,480) | 0 |
| Cash and Cash Equivalents with Dayton Foundation | (25,000) | 0 |
| Investments: | | |
| Repurchase Agreements | (619,739) | 619,739 |
| STAR Ohio | (142,583) | 142,583 |
| GASB Statement No. 3 | \$2,795,106 | \$762,322 |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the value as of December 31, 2001. 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 Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2002, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at fiscal year end. The receivable is 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, 2002, was \$309,405 in the General Fund and \$30,766 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2001, was \$253,165 in the General Fund and \$9,072 in the Permanent Improvement capital projects fund.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

| | 2001 Second- Half Collections | | 2002 First- Half Collections | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$1,293,786,030 | 72.28% | \$1,324,850,460 | 73.01% |
| Public Utility | 119,554,530 | 6.68 | 90,028,880 | 4.96 |
| Tangible Personal | 376,682,524 | 21.04 | 399,818,810 | 22.03 |
| Total Assessed Value | <u>\$1,790,023,084</u> | <u>100.00%</u> | <u>\$1,814,698,150</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$2.20 | | \$2.20 | |

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$135,848.

A summary of the principal items of intergovernmental receivables follows:

| | <u>Amount</u> |
|-------------------------------------|-----------------|
| Special Revenue Funds | |
| Wellness Grant | \$2,072 |
| Auglaize County Children Trust | 1,775 |
| Accreditation Grant | 3,675 |
| Adult Basic Literacy Education | 12,304 |
| Eisenhower | 182 |
| Secondary Vocational Education | 3,720 |
| Adult Vocational Education | 8,000 |
| Title VI | 2,263 |
| Total Intergovernmental Receivables | <u>\$33,991</u> |

NOTE 8 - FIXED ASSETS

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

| | |
|-------------------------------|-----------------|
| Furniture and Equipment | \$156,378 |
| Less Accumulated Depreciation | (108,636) |
| Net Fixed Assets | <u>\$47,742</u> |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A summary of the changes in general fixed assets during fiscal year 2002 follows:

| Asset Category | Balance at 6/30/01 | Additions | Reductions | Balance at 6/30/02 |
|---------------------------------------|-----------------------|--------------------|------------------|-----------------------|
| Land and Improvements | \$485,251 | \$34,447 | \$0 | \$519,698 |
| Buildings and Improvements | 7,336,028 | 1,758,375 | 138,667 | 8,955,736 |
| Furniture, Fixtures, and Equipment | 3,072,839 | 203,194 | 47,635 | 3,228,398 |
| Vehicles | 250,646 | 35,908 | 0 | 286,554 |
| Construction in Progress | 12,500 | 8,332 | 20,832 | 0 |
| Totals | \$11,157,264 | \$2,040,256 | \$207,134 | \$12,990,386 |

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

| | Interfund | |
|------------------------------------|------------------|------------------|
| | Receivable | Payable |
| General Fund | \$266,767 | \$0 |
| Special Revenue Funds | | |
| Miscellaneous State | 0 | 7,550 |
| Adult Basic Literacy Education | 0 | 7,100 |
| Eisenhower | 0 | 134 |
| Secondary Vocational Education | 0 | 11,720 |
| Adult Vocational Education | 0 | 200,000 |
| Title VI | 0 | 2,263 |
| Total Special Revenue Funds | 0 | 228,767 |
| Enterprise Funds | | |
| Uniform School Supplies | 0 | 38,000 |
| Totals | \$266,767 | \$266,767 |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - RISK MANAGEMENT

The Career Center 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 2002, the Career Center contracted for the following insurance coverage:

| | |
|---|--------------|
| Coverage with Indiana Insurance | |
| Building and Contents - Replacement Cost (\$1,000 deductible) | \$23,833,000 |
| EDP Coverage (\$100 deductible) | 159,274 |
| Contractors Equipment | 161,200 |
| Commercial Crime | 10,000 |
| Automotive Liability | 1,000,000 |
| Medical Payments Per Person | 5,000 |
| Coverage with Ohio School Plan | |
| General Liability | |
| Per Occurrence | 1,000,000 |
| Aggregate | 3,000,000 |
| Coverage with Twin City Fire Insurance | |
| Excess Liability - Per Occurrence and in Aggregate | 2,000,000 |

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

The Career Center participates in the Northwest Ohio Area Computer Services Cooperative 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 Career Center 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 Accordia Workers' Compensation Services provides administrative, cost control, and actuarial services to the GRP.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
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For fiscal year 2002, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The Career Center 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 Career Center is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. 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 Career Center's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$414,199, \$372,415, and \$224,380, respectively; 86 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$56,005, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The Career Center 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, 100 East Broad Street, Suite 100, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. 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 Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$58,270, \$41,572, and \$51,588, respectively; 94 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$3,272, is recorded as a liability within the respective funds and the general long-term obligations account group.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2002, seven of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The Career Center 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 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount was \$196,200.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

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

For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$99,859 for fiscal year 2002.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), was \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn five to twenty 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 two hundred twenty-five 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 forty-five days.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2002 were as follows:

| | Balance at 6/30/01 | Additions | Reductions | Balance at 6/30/02 |
|--|-----------------------|--------------------|-----------------|-----------------------|
| Energy Conservation Loan 0% | \$5,174 | \$0 | \$5,174 | \$0 |
| Building Assistance Loan 0% | 0 | 1,207,564 | 0 | 1,207,564 |
| Capital Lease Payable | 3,729 | 0 | 3,729 | 0 |
| Compensated Absences Payable | 280,514 | 11,632 | 0 | 292,146 |
| Intergovernmental Payable | 9,395 | 7,279 | 9,395 | 7,279 |
| Total General Long-Term Obligations | \$298,812 | \$1,226,475 | \$18,298 | \$1,506,989 |

Energy Conservation Loan - In March 1988, the Career Center obtained an interest-free loan, in the amount of \$34,490, for providing energy conservation measures for the Career Center. The loan was obtained under the authority of the Ohio Revised Code Sections 133.06(G) and 3313.372 for a five-year period, with final maturity during fiscal year 2002. The loan was retired from the debt service fund.

Building Assistance Loan - In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,207,564. The portion of the loan pertaining to building construction, \$1,019,779, was issued for a fifteen year period with final maturity in July 2017. The portion of the loan pertaining to equipment, \$187,785, was issued for a five year period, with final maturity in July 2007. The loan is being retired from the Adult Education special revenue fund.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Compensated absences and intergovernmental payables, representing the Career Center's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The Career Center's overall debt margin was \$163,322,834 with an unvoted debt margin of \$1,814,698 at June 30, 2002.

Principal requirements to retire general obligation debt outstanding at June 30, 2002, were as follows:

| Fiscal year Ending June 30, | Principal |
|--------------------------------|-------------|
| 2003 | \$52,771 |
| 2004 | 105,542 |
| 2005 | 105,542 |
| 2006 | 105,542 |
| 2007 | 105,542 |
| 2008-2012 | 358,705 |
| 2013-2017 | 339,926 |
| 2018 | 33,994 |
| Total | \$1,207,564 |

NOTE 15 - SET ASIDE REQUIREMENTS

The Career Center 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 fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Career Center was also required to set aside money for budget stabilization. For fiscal year 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2002.

| | Textbooks | Capital Improvements | Budget Stabilization |
|---|-------------|-------------------------|-------------------------|
| Balance June 30, 2001 | (\$76,689) | \$0 | \$25,106 |
| Current Year Set Aside Requirement | 88,333 | 88,333 | 0 |
| Qualifying Expenditures | (190,864) | (88,333) | 0 |
| Amount Carried Forward to Fiscal Year 2003 | (\$179,220) | \$0 | \$25,106 |
| Set Aside Reserve Balance June 30, 2002 | \$0 | \$0 | \$25,106 |

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The Career Center had qualifying expenditures during the fiscal year that reduced textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years. The total reserve balance for set asides at the end of the fiscal year was \$25,106.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Career Center maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Apollo Career Center as of and for the fiscal year ended June 30, 2002.

| Description | Food Service | Uniform School Supplies | Totals |
|--|-----------------|-------------------------------|-----------|
| Operating Revenues | \$214,363 | \$69,544 | \$283,907 |
| Depreciation Expense | 5,823 | 0 | 5,823 |
| Operating Income (Loss) | (35,485) | 5,164 | (30,321) |
| Operating Grants | 2,433 | 0 | 2,433 |
| Operating Transfers In | 7,000 | 0 | 7,000 |
| Net Income (Loss) | (25,770) | 5,726 | (20,044) |
| Net Working Capital | (8,442) | 38,662 | 30,220 |
| Total Assets | 55,212 | 80,761 | 135,973 |
| Total Equity | 39,300 | 38,662 | 77,962 |
| Encumbrances Outstanding at Year End (Budget Basis) | 0 | 37,182 | 37,182 |

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2002, the Career Center paid \$9,158 to the NOACSC for various services. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 18 - INSURANCE POOLS

A. NOACSC Workers' Compensation Group Rating Plan

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

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

B. Allen County Schools Health Benefits Plan

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

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

C. Ohio School Plan

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

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 19 - STATE SCHOOL FUNDING DECISION

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

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution was not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The Career Center is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 20 - CONTINGENT LIABILITIES

A. Grants

The Career Center 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 Career Center at June 30, 2002.

B. Litigation

There are currently no matters in litigation with the Career Center as defendant.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 13, 2002

To the Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

**Independent Auditor's
Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the general-purpose financial statements of Apollo Joint Vocational School District (the "District") as of and for the year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated December 13, 2002.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 13, 2002

Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

**Independent Auditor's
Report on Compliance with
Requirements Applicable to Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Apollo Joint Vocational School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. The District's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

Rea & Associates, Inc.

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards-Budgetary Basis
For the Fiscal Year Ended June 30, 2002

| Federal Grantor/Pass Through Grantor/Program Title | CFDA Number | Grant Number | Federal Disbursements |
|---|----------------|-----------------|--------------------------|
| U.S. Department of Education | | | |
| (Direct Program): | | | |
| Pell Grant | 84.063 | 00-01 | 349 |
| Pell Grant | 84.063 | 01-02 | 135,512 |
| <i>Total Pell Grant</i> | | | 135,861 |
| (Passed Through Ohio Department of Education): | | | |
| Adult Combined Education | 84.002 | AB-S1-01 | 2,841 |
| Adult Combined Education | 84.002 | AB-S1-01 | 12,743 |
| Adult Combined Education | 84.002 | AB-S1-02 | 55,135 |
| <i>Total Adult Combined Education</i> | | | 70,719 |
| Vocational Education | 84.048 | 20C1-2001 | 825 |
| Vocational Education | 84.048 | 20C1-2002 | 212,457 |
| Vocational Education | 84.048 | 20C1-2001 | 0 |
| Vocational Education | 84.048 | 20C1-2002 | 81,006 |
| <i>Total Vocational Education</i> | | | 294,288 |
| Eisenhower Prof. Dev. State Grant | 84.281 | MS-S1-2002 | 2,459 |
| <i>Total Eisenhower Prof. Dev. State Grant</i> | | | 2,459 |
| Innovative Education Program Strategies | 84.298 | CS-S1-02 | 3,140 |
| <i>Total Innovative Education Program Strategies</i> | | | 3,140 |
| Total U.S. Department of Education | | | 506,467 |
| U.S. Department of Agriculture | | | |
| (Passed Through Ohio Department of Education): | | | |
| Special Milk Program | 10.556 | 02-PU-02 | 2,684 |
| <i>Total Special Milk Program</i> | | | 2,684 |
| Total U.S. Department of Agriculture | | | 2,684 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | \$ 509,151 |

See Accompanying Notes to the General Purpose Financial Statements
See Accountant's Audit Report

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
OMB Circular A-133, Section .505
June 30, 2002

1. Summary of Auditor's Results

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

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None were noted

3. Findings and Questioned Costs for Federal Awards

None were noted



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 4, 2003**