



**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

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POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY

LIST OF PRINCIPAL OFFICIALS

BOARD OF EDUCATION

Mrs. Robert Drake	President
Mrs Sharon A. Baker	Vice President
Mr. John C. Balliett	Member
Mrs. Diana Storm	Member
Mr. Thomas Herbster	Member
Mr. Donald Frazier	Member
Mr. Charles Hopkins	Member

ADMINISTRATION

Mr. John A. Church	Superintendent
Mrs. Shelley Gaffga	Assistant Superintendent
Mr. David Plahuta	Treasurer
Mrs. Maria Phillips	Adult Education Director
Dr. Linda Schwarzbach	High School Director
Mr. Courtney Kronk	Business Manager

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Polaris Joint Vocational School District
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Polaris Joint Vocational School District, Cuyahoga County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 have also issued our report dated December 14, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 14, 2001

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POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types						Proprietary Fund Type			Fiduciary Fund Type			Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long Term Debt	General	Long Term Debt	General	Fixed Assets	Long Term Debt	2001	(Memorandum)
Assets and Other Debits:																	
Equity in Pooled Cash and Investments	\$ 5,879,419	216,359	1,375	404,883	111,423	647,424	43,885	0	0	0	0	0	0	0	\$ 7,304,768		
Taxes Receivable	8,462,522	0	0	0	0	0	0	0	0	0	0	0	0	0	8,462,522		
Interfund Receivables	115,926	0	0	0	0	0	0	0	0	0	0	0	0	0	115,926		
Due from Other Funds	0	0	0	0	0	0	3,164	0	0	0	0	0	0	0	3,164		
Intergovernmental Receivables	0	42,450	0	0	6,800	0	0	0	0	0	0	0	0	0	49,250		
Accounts Receivable	0	0	0	0	136,500	0	0	0	0	0	0	0	0	0	136,500		
Supply Inventory	32,988	0	0	0	507	0	0	0	0	0	0	0	0	0	33,495		
Inventory for Resale	0	0	0	0	4,610	0	0	0	0	0	0	0	0	0	4,610		
Property, Plant & Equipment	0	0	0	0	701,808	0	0	18,068,019	0	0	0	0	0	0	18,769,827		
Accumulated Depreciation, Where Applicable	0	0	0	0	(391,438)	0	0	0	0	0	0	0	0	0	(391,438)		
Amount to be Provided for Retirement of GLTD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	778,557		
Total Assets and Other Debits	\$ 14,490,855	258,809	1,375	404,883	570,210	647,424	47,049	18,068,019	0	0	0	0	0	0	\$ 35,267,181		

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2001

	Governmental Fund Types					Proprietary Fund Type		Fiduciary Fund Type		Account Groups			Totals 2001
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	General		(Memorandum) (Only)	
										Fixed Assets	Long Term		
Liabilities:													
Interfund Payables	\$ 0	73,645	0	0	42,281	0	0	0	0	0	0	\$ 115,926	
Due to Other Funds	3,073	17	0	0	74	0	0	0	0	0	0	3,164	
Intergovernmental Payables	85,499	508	0	0	10,533	0	25,700	0	1,890	0	0	124,130	
Accounts Payable	190,304	20,115	0	123	7,806	3,872	0	0	0	0	0	222,220	
Matured Bonds Payable	0	0	1,375	0	0	0	0	0	0	0	0	1,375	
Accrued Salaries and Benefits	653,268	3,286	0	0	28,098	0	0	0	0	0	0	684,652	
Deferred Revenue	7,819,197	0	0	0	774	0	0	0	0	0	0	7,819,971	
Lease Obligations Payable	0	0	0	0	0	0	0	0	81,739	0	0	81,739	
Due to Others	0	0	0	0	0	0	20,177	0	0	0	0	20,177	
Compensated Absences Payable	71,771	0	0	0	179,946	0	0	0	694,928	0	0	946,645	
Total Liabilities	8,823,112	97,571	1,375	123	269,512	3,872	45,877	0	778,557	0	0	10,019,999	
Fund Equity and Other Credits:													
Investment in General Fixed Assets	0	0	0	0	0	0	0	18,068,019	0	0	0	18,068,019	
Retained Earnings	0	0	0	0	300,698	643,552	0	0	0	0	0	944,250	
Fund Balances:													
Reserve for Budget Stabilization	241,544	0	0	0	0	0	0	0	0	0	0	241,544	
Reserved for Supply Inventory	32,988	0	0	0	0	0	0	0	0	0	0	32,988	
Reserved for Encumbrances	437,765	59,349	0	0	0	0	0	0	0	0	0	497,114	
Reserved for Property Tax	643,325	0	0	0	0	0	0	0	0	0	0	643,325	
Unreserved Fund Balance	4,312,121	101,889	0	404,760	0	0	1,172	0	0	0	0	4,819,942	
Total Fund Balances	5,667,743	161,238	0	404,760	0	0	1,172	0	0	0	0	6,234,913	
Total Fund Balances/Retained Earnings and Other Credits	5,667,743	161,238	0	404,760	300,698	643,552	1,172	18,068,019	0	0	0	25,247,182	
Total Liabilities, Fund Equity, and Other Credits	\$ 14,490,855	258,809	1,375	404,883	570,210	647,424	47,049	18,068,019	778,557	0	0	\$ 35,267,181	

See Accompanying Notes to the General Purpose Financial Statements

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum) (Only)
	General	Special Revenue	Capital Project	Fund Type Expendable Trust Funds	
REVENUES:					
Revenue from Local Sources					
Taxes	\$ 8,264,804	0	0	0	\$ 8,264,804
Tuition	10,223	0	0	0	10,223
Earnings on Investments	413,314	0	0	0	413,314
Extracurricular Activities	797	0	0	0	797
Classroom Materials & Fees	25,808	0	0	0	25,808
Miscellaneous	118,783	0	0	0	118,783
Revenue from State Sources					
Unrestricted Grants-in-Aid	3,180,099	120,500	0	0	3,300,599
Restricted Grants-in-Aid	43,368	197,760	15,105	0	256,233
Revenue from Federal Sources					
Restricted Grants-in-Aid	0	2,235,073	0	0	2,235,073
Total Revenues	<u>12,057,196</u>	<u>2,553,333</u>	<u>15,105</u>	<u>0</u>	<u>14,625,634</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	0	65,297	0	0	65,297
Vocational	4,320,685	237,558	0	0	4,558,243
Adult/Continuing	0	8,399	0	0	8,399
Supporting Services:					
Pupils	1,210,033	245,416	0	0	1,455,449
Instructional Staff	1,226,600	69,617	2,371	0	1,298,588
Board of Education	80,355	0	0	0	80,355
Administration	670,639	57,190	0	0	727,829
Fiscal Services	434,587	0	0	0	434,587
Business	263,597	0	0	0	263,597
Operation & Maintenance-Plant	1,665,618	0	0	0	1,665,618
Pupil Transportation	17,445	0	0	0	17,445
Central	552,730	187,579	6,000	0	746,309
Extracurricular Activities:					
Occupation Oriented Activities	8,359	9,003	0	0	17,362
Co-Curricular Activities	9,013	0	0	0	9,013
Capital Outlay:					
Site Improvement	1,625	0	0	0	1,625
Architecture & Engineering	22,780	0	0	0	22,780
Building Improvement	447,425	0	0	0	447,425
Other Non-Instructional	0	1,644,532	0	0	1,644,532
Other Facility Acquisition & Construction	600	0	0	0	600
Total Expenditures	<u>10,932,091</u>	<u>2,524,591</u>	<u>8,371</u>	<u>0</u>	<u>13,465,053</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	1,125,105	28,742	6,734	0	1,160,581
Other Financing Sources (Uses):					
Other Financing Sources					
Sale of Assets	2,216	0	0	0	2,216
Transfers-In	34,248	14,237	0	0	48,485
Other Financing Uses					
Transfers-Out	(215,742)	0	0	0	(215,742)
Net Other Financing Sources and (Uses)	<u>(179,278)</u>	<u>14,237</u>	<u>0</u>	<u>0</u>	<u>(165,041)</u>
Excess (Deficiency) of Revenues and Other Sources					
Over (Under) Expenditures and Other (Uses)	945,827	42,979	6,734	0	995,540
Increase Supply Inventory	1,106	0	0	0	1,106
Beginning Fund Balance	4,720,810	118,259	398,026	1,172	5,238,267
Ending Fund Balance	<u>\$ 5,667,743</u>	<u>161,238</u>	<u>404,760</u>	<u>1,172</u>	<u>\$ 6,234,913</u>

See Accompanying Notes to the General Purpose Financial Statements

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 7,922,005	8,066,535	144,530	0	0	\$ 0
Tuition	10,223	10,223	0	0	0	0
Earnings on Investment	202,579	432,312	229,733	0	0	0
Extracurricular Activities	0	797	797	0	0	0
Classroom Materials & Fees	25,818	25,868	50	0	0	0
Miscellaneous	121,286	132,483	11,197	450	8,208	7,758
State Unrestricted Grants-in-Aid	3,167,939	3,180,099	12,160	100,500	120,500	20,000
State Restricted Grants-in-Aid	43,368	43,368	0	181,306	204,365	23,059
Federal Restricted Grants-in-Aid	0	0	0	2,126,009	2,206,948	80,939
Total Revenues	11,493,218	11,891,685	398,467	2,408,265	2,540,021	131,756
Expenditures:						
Regular Instruction	0	0	0	54,945	65,823	(10,878)
Vocational Instruction	4,406,875	4,304,977	101,898	191,384	229,276	(37,892)
Adult/Continuing Instruction	0	0	0	7,011	8,399	(1,388)
Support Services-Pupils	1,379,078	1,202,942	176,136	208,286	249,524	(41,238)
Support Services-Instructional Staff	1,348,479	1,418,850	(70,371)	58,248	69,781	(11,533)
Support Services-Board of Education	154,897	105,692	49,205	0	0	0
Support Services-Administration	712,596	670,103	42,493	44,227	52,983	(8,756)
Fiscal Services	440,631	453,453	(12,822)	0	0	0
Support Services-Business	293,460	273,317	20,143	0	0	0
Operation & Maintenance-Plant	1,659,165	1,694,239	(35,074)	0	0	0
Support Services-Transportation	18,120	18,995	(875)	0	0	0
Support Services-Central	686,193	550,189	136,004	153,213	183,547	(30,334)
Occupation Oriented Activities	11,550	8,595	2,955	7,686	9,209	(1,523)
Co-Curricular Activities	26,630	17,608	9,022	0	0	0
Site Improvement	12,150	2,075	10,075	0	0	0
Architecture & Engineering	34,000	46,654	(12,654)	0	0	0
Building Improvement	324,900	608,969	(284,069)	0	0	0
Other Non-Instructional	0	0	0	1,675,000	1,644,532	30,468
Other Acquisition & Construction	158,050	600	157,450	0	0	0
Total Expenditures	11,666,774	11,377,258	289,516	2,400,000	2,513,074	(113,074)
Excess of Revenues Over (Under) Expenditures	(173,556)	514,427	687,983	8,265	26,947	18,682
Other Financing Sources (Uses):						
Sale & Loss of Assets	2,540	2,540	0	0	0	0
Transfer-In	34,248	34,248	0	0	14,237	14,237
Advances-In	93,673	93,673	0	0	73,645	73,645
Pass Through Receipts	0	0	0	0	0	0
Refund of Prior Years Expenditures	18,581	18,581	0	0	0	0
Transfer-Out	0	(215,742)	(215,742)	0	0	0
Advances-Out	(200,000)	(73,645)	126,355	0	(93,673)	(93,673)
Pass Through Payment	0	0	0	0	0	0
Other Misc. Uses of Funds	(500,000)	0	500,000	0	0	0
Total Other Financing Sources (Uses)	(550,958)	(140,345)	410,613	0	(5,791)	(5,791)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(724,514)	374,082	1,098,596	8,265	21,156	12,891
Beginning Fund (Deficit) Balance	4,514,004	4,514,004	--	114,540	114,540	--
Prior Year Carry Over Encumbrances	370,292	370,292	--	85,019	85,019	--
Ending Fund (Deficit) Balance	\$ 4,159,782	5,258,378	1,098,596	207,824	220,715	\$ 12,891

(Continued)

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2001

	Debt Service Fund			Capital Project Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenues	0	0	0	0	0	0
Expenditures:						
Regular Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Site Improvements	0	0	0	0	0	0
Architecture & Engineering	0	0	0	0	0	0
Building Improvement	0	0	0	0	0	0
Other Non-Instructional	0	0	0	0	0	0
Other Acquisition & Construction	0	0	0	0	0	0
Total Expenditures	0	0	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0	0	0
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Transfer-In	0	0	0	0	0	0
Advances-In	0	0	0	0	0	0
Pass Through Receipts	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Pass Through Payments	0	0	0	0	0	0
Other Misc Uses of Funds	0	0	0	0	0	0
Total Other Sources (Uses)	0	0	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0	0	0
Beginning Fund (Deficit) Balance	1,375	1,375	--	398,027	398,027	--
Prior Year Carry Over Encumbrances	0	0	--	0	0	--
Ending Fund (Deficit) Balance	\$ 1,375	1,375	0	398,027	398,027	\$ 0

(Continued)

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2001

	Expendable Trust Funds			Total (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	7,922,005	8,066,535	\$ 144,530
Tuition	0	0	0	10,223	10,223	0
Earnings on Investment	0	0	0	202,579	432,312	229,733
Extracurricular Activities	0	0	0	0	797	797
Classroom Materials & Fees	0	0	0	25,818	25,868	50
Miscellaneous	0	0	0	121,736	140,691	18,955
State Unrestricted Grants-in-Aid	0	0	0	3,268,439	3,300,599	32,160
State Restricted Grants-in-Aid	0	0	0	224,674	247,733	23,059
Federal Restricted Grants-in-Aid	0	0	0	2,126,009	2,206,948	80,939
Total Revenues	0	0	0	13,901,483	14,431,706	530,223
Expenditures:						
Regular Instruction	0	0	0	54,945	65,823	(10,878)
Vocational Instruction	0	0	0	4,598,259	4,534,253	64,006
Adult/Continuing Instruction	0	0	0	7,011	8,399	(1,388)
Support Services-Pupils	0	0	0	1,587,364	1,452,466	134,898
Support Services-Instructional Staff	0	0	0	1,406,727	1,488,631	(81,904)
Support Services-Board of Education	0	0	0	154,897	105,692	49,205
Support Services-Administration	0	0	0	756,823	723,086	33,737
Fiscal Services	0	0	0	440,631	453,453	(12,822)
Support Services-Business	0	0	0	293,460	273,317	20,143
Operation & Maintenance-Plant	0	0	0	1,659,165	1,694,239	(35,074)
Support Services-Transportation	0	0	0	18,120	18,995	(875)
Support Services-Central	0	0	0	839,406	733,736	105,670
Occupation Oriented Activities	0	0	0	19,236	17,804	1,432
Co-Curricular Activities	0	0	0	26,630	17,608	9,022
Site Improvements	0	0	0	12,150	2,075	10,075
Architecture & Engineering	0	0	0	34,000	46,654	(12,654)
Building Improvements	0	0	0	324,900	608,969	(284,069)
Other Non-Instructional	0	0	0	1,675,000	1,644,532	30,468
Other Acquisition & Construction	0	0	0	158,050	600	157,450
Total Expenditures	0	0	0	14,066,774	13,890,332	176,442
Excess of Revenues Over (Under) Expenditures	0	0	0	(165,291)	541,374	706,665
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	2,540	2,540	0
Transfer-In	0	0	0	34,248	48,485	14,237
Advances-In	0	0	0	93,673	167,318	73,645
Pass Through Receipts	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	18,581	18,581	0
Transfer-Out	0	0	0	0	(215,742)	(215,742)
Advances-Out	0	0	0	(200,000)	(167,318)	32,682
Pass Through Payment	0	0	0	0	0	0
Other Misc. Uses of Funds	0	0	0	(500,000)	0	500,000
Total Other Sources (Uses)	0	0	0	(550,958)	(146,136)	404,822
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(716,249)	395,238	1,111,487
Beginning Fund (Deficit) Balance	1,171	1,171	--	5,029,117	5,029,117	--
Prior Year Carry Over Encumbrances	0	0	--	455,311	455,311	--
Ending Fund (Deficit) Balance	\$ 1,171	1,171	0	4,768,179	5,879,666	\$ 1,111,487

See Accompanying Notes to the General Purpose Financial Statements

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Funds	Internal Service Funds	Totals (Memorandum) (Only)
Operating Revenues:			
Tuition	\$ 1,885,544	0	\$ 1,885,544
Transportation Fees	1,646	0	1,646
Food Services	163,647	0	163,647
Classroom Materials & Fees	165,700	0	165,700
Miscellaneous	107,489	164,035	271,524
Total Operating Revenue	<u>2,324,026</u>	<u>164,035</u>	<u>2,488,061</u>
Operating Expenses:			
Personal Services - Salary	1,924,041	0	1,924,041
Employee Benefits	529,902	0	529,902
Purchased Services	311,091	9,911	321,002
Supplies and Materials	539,324	0	539,324
Other Expenses	2,484	152,068	154,552
Depreciation	30,882	0	30,882
Total Operating Expense	<u>3,337,724</u>	<u>161,979</u>	<u>3,499,703</u>
Operating Income (Loss)	<u>(1,013,698)</u>	<u>2,056</u>	<u>(1,011,642)</u>
Non-Operating Revenues:			
Earnings on Investments	0	0	0
Miscellaneous	687	0	687
State Unrestricted Grants-In-Aid	528,705	0	528,705
State Restricted Grants-In-Aid	9,853	0	9,853
Federal Restricted Grants-In-Aid	21,262	0	21,262
Total Non-Operating Revenue	<u>560,507</u>	<u>0</u>	<u>560,507</u>
Non-Operating Expenses:			
Loss on Disposal of Assets	(260)	0	(260)
Net Income Before Operating Transfers	<u>(453,451)</u>	<u>2,056</u>	<u>(451,395)</u>
Operating Transfers In	201,505	0	201,505
Total Operating Transfers	<u>201,505</u>	<u>0</u>	<u>201,505</u>
Net Income(Loss)	<u>(251,946)</u>	<u>2,056</u>	<u>(249,890)</u>
Beginning Retained Earnings	552,644	641,496	1,194,140
Retained Earnings at End of Year	<u>\$ 300,698</u>	<u>643,552</u>	<u>\$ 994,250</u>

See Accompanying Notes to the General Purpose Financial Statements

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Funds	Internal Service Funds	Totals (Memorandum) Only
Cash Flows from Operating Activities			
Operating (Loss) Income	\$ (1,013,698)	\$ 2,056	\$ (1,011,642)
Adjustment to Reconcile Operating Income To Net Cash Provided by Operating Activities:			
Depreciation	30,882	0	30,882
Net (Increases) Decreases in Assets:			
Intergovernmental Receivables	(2,036)	0	(2,036)
Accounts Receivable	190,945	135	191,080
Inventory	2,171	0	2,171
Net Increases (Decreases) in Liabilities:			
Due to Other Funds	(29)	0	(29)
Intergovernmental Payable	7,717	0	7,717
Accounts Payable	(6,523)	3,462	(3,061)
Accrued Salaries	(840)	0	(840)
Deferred Revenue	(67)	0	(67)
Compensated Absences	53,181	0	53,181
Net Adjustments	<u>275,401</u>	<u>3,597</u>	<u>278,998</u>
Net Cash Provided by Operating Activities	<u>(738,297)</u>	<u>5,653</u>	<u>(732,644)</u>
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	687	0	687
Transfers from Other Funds	201,505	0	201,505
Operating Grants from State Sources	538,558	0	538,558
Operating Grants from Federal Sources	21,262	0	21,262
Net Cash Provided by Noncapital Financing Activities	<u>762,012</u>	<u>0</u>	<u>762,012</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	<u>(70,398)</u>	<u>0</u>	<u>(70,398)</u>
Net Cash Used for Capital Financing Activities	<u>(70,398)</u>	<u>0</u>	<u>(70,398)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(46,683)	5,653	(41,030)
Cash and Cash Equivalents at Beginning of Year	<u>158,106</u>	<u>641,771</u>	<u>799,877</u>
Cash and Cash Equivalents at End of Year	<u>\$ 111,423</u>	<u>\$ 647,424</u>	<u>\$ 758,847</u>

See Accompanying Notes to General Purpose Financial Statements

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a joint vocational school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an appointed Board of Education (7 members) which is comprised of one member from each associate school district plus one rotating member from each participating district. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City Schools, Olmsted Falls City Schools, and Strongsville City Schools are the member districts.

Average daily membership (ADM) as of October 1, 2000, was 521. The District employed 14 administrative and supervisory personnel, 55 certified employees and 72 non-certificated employees.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards*.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is able to either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The District is associated with one jointly governed organization and one public entity risk pool, which are discussed in Notes 15 and 7, respectively.

Management believes the financial statements included in this report represent all of the funds of The District over which the District is financially accountable.

B. Fund Accounting and Measurement Focus/Basis of Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and accounts (student fees and rent).

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001 which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types

All proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. Proprietary Funds include the following fund types:

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

Internal Service Funds - These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District has an internal service fund at June 30, 2001, that is used to operate the District's self-funding of medical benefits.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are also accounted for using the modified accrual basis of accounting.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The following are the District's account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Obligations Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Budget and Budgetary Accounting

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 amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may be made only by resolution of the Board of Education.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Amended Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Amended Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control.

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Amended Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

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

D. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account with individual fund balance integrity maintained through the District's records. Each fund's interest in the pool is presented as *Equity in Pooled Cash and Investments*. During the fiscal year all investments were limited to US Treasury Bonds and Notes, Certificates of Deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for investment contracts, and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized 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, 2001.

For the District, all investment earnings accrue to the General as authorized by Board resolution. Interest income earned in fiscal year 2001 totaled \$413,314.

For the purpose of the combined Statement of Cash Flows, and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time that they were purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are considered to be investments.

E. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale, and are expensed when used.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

F. Prepaid Items

Prepayments are accounted for using the nonallocation method. Payments for the prepaid items are fully recognized as an expenditure in the year of payment.

G. Fixed Assets

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

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

Interest incurred during construction is not capitalized on the general fixed assets. The District does not possess any infrastructure.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available.

Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

Non-Reimbursable Grants

Special Revenue Funds

- Pell Grant
- Vocational Education
- Job Opportunity and Basic Skills Training
- Eisenhower Math and Science
- Alliance + Technology Innovation Challenge Grant
- Ventures in Business Partnership
- Management Information Systems
- Tech Prep Grant
- School Net
- Displaced Homemaker

Reimbursable Grants

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 34% of the District's operating revenue during the 2001 fiscal year.

I. Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001, the District had \$3,164 in due from/to other funds, and \$115,926 in interfund receivables/payables.

J. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. The District had no long-term interfund loans at June 30, 2001.

K. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics should be accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations should be reduced

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation time when earned. The current portion of unpaid sick leave and other compensated absences is the amount expected to be paid using expendable available 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 debt account group.

In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (Continued)

N. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures.

Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, budget stabilization and property tax.

O. 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. Memorandum Only - Total Columns

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 changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2. Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 2. Budgetary Basis of Accounting (Continued)

3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds from a principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

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

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

	General Fund	Special Revenue	Capital Projects
GAAP Basis	\$ 945,827	\$ 42,979	\$ 6,734
Increase (Decrease):			
Due to Revenues:			
Net Adjustments to Revenue Accruals	(165,511)	(13,312)	(15,105)
Due to Expenditures:			
Net Adjustments to Expenditures Accruals	(445,167)	11,517	8,371
Other Sources and Uses	38,933	(20,028)	0
Budget Basis	\$ 374,082	\$ 21,156	\$ 0

Note 3. Cash and Investments

State statutes classify monies held by the District into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdraw able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District has identified as not required for use within the current 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.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 3. Cash and Investments (Continued)

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

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

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

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

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 3. Cash and Investments (Continued)

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$3,591,147 and the bank balance was \$5,474,016. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining \$5,274,016 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Repurchase Agreements	\$ 1,234,748	\$ 1,234,748
US Treasury Notes	600,563	600,563
US Treasury Notes	498,672	498,672
Federal Home Loan	200,811	200,811
Federal Home Loan	600,150	600,150
STAR Ohio		577,138
Total Investments		<u>\$ 3,712,082</u>

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 3. Cash and Investments (Continued)

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 7,304,768	
Investments:		
Federal Agency Securities	(1,900,196)	\$ 1,900,196
Repurchase Agreements	(1,234,748)	1,234,748
STAR Ohio	(577,138)	577,138
Cash on Hand (Petty Cash)	(1,539)	
GASB Statement No. 3	<u>\$ 3,591,147</u>	<u>\$ 3,712,082</u>

Note 4. Property Tax

Property taxes are levied and assessed on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2001. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in December 31. If paid semi-annually, the first payment is due in December 31, with the remainder payable by June 20. Under certain circumstances state statute permits alternative payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are payable annually or semi-annually with the first payment due April 30 and the remainder payable by September 20.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 4. Property Tax (Continued)

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35 percent of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Cuyahoga and Lorain County Treasurers collect property tax on behalf of the District. The Cuyahoga and Lorain County Auditors remit the collected taxes to the District. Tax settlements are made each June and December for real property taxes and personal property taxes.

The full tax rate at the fiscal year ending June 30, 2001, for operations was \$2.40 per \$1,000 of assessed valuation.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. At June 30, 2001, \$643,325 was available to the District as an advance.

The assessed values of real and tangible personal property in Cuyahoga County on which the 2001 taxes were collected were as follows:

Real Property	\$	3,987,881,580
Public Utility Personal Property		163,470,590
Tangible Personal Property		478,880,142
Total Assessed Value	\$	<u>4,630,232,312</u>

Lorain County assessed values were insignificant.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 5. Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (student fees), and intergovernmental grants and entitlements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Special Revenue Funds:	
Perkins Grant	\$ 42,450
Enterprise Funds	
Adult Education - GED	6,800
Total Funds	<u>\$ 49,250</u>

Note 6. Fixed Assets

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Furniture and Equipment	\$ 701,808
Less Accumulated Depreciation	<u>(391,438)</u>
Net Fixed Assets	<u>\$ 310,370</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Equipment	8-20 years
Furniture	20 years
Vehicles	10 years

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 6. Fixed Assets (Continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land and Improvements	\$ 261,492	0	0	\$ 261,492
Buildings and Improvements	12,006,343	8,650	0	12,014,993
Furniture and Equipment	4,954,303	706,898	122,334	5,538,867
Vehicles	257,288	379	5,000	252,667
Total General Fixed Assets	<u>\$ 17,479,426</u>	<u>715,927</u>	<u>127,334</u>	<u>\$ 18,068,019</u>

For the fiscal year ended June 30, 2001, the General Fixed Asset Account Group has been restated. Corrections and adjustments had a net effect of a change in the fixed assets of \$10,368, from \$17,469,058 to \$17,479,426.

There was no significant construction in progress at June 30, 2001.

Note 7. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2001, the District contracted with Nationwide Insurance Company for real property and building contents in a maximum amount of \$33,354,100 with a \$1,000 deductible clause. The District maintains coverage for its vehicles in a maximum amount of \$2,000,000 a \$100 deductible for comprehensive and \$250 deductible for collision. In addition, the District maintains liability coverage as follows: \$2,000,000 for buses, single limit: \$2,000,000 for premises; and \$5,000,000 professional liability in aggregate. The settled claims have never exceeded the commercial coverage. There has not been a significant reduction in coverage from the prior year.

The Board President and the Superintendent are covered with surety bonds for \$20,000. The Treasurer and Director of Business Services are also covered by a surety bond in the amount of \$20,000. These bonds are with Nationwide Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 7. Risk Management (Continued)

Effective January 1, 2001, the District provides vision, drug card, and dental benefits for its eligible employees and their covered dependents through its Self Insurance Fund. The District contracts with a third party administrator (Klais & Co.) to process claims.

Effective December 1, 1999 the District fully funded premium plan for benefits through Medical Mutual for medical/surgical coverage.

The District cash and investments balance in the Self Insurance Fund is \$647,424 as of June 30, 2001.

A small percentage (under 10%) of the District's employees choose a Health Maintenance Organization (Kaiser Permanente) and are not part of the self-funding process. Additionally, life insurance benefits of \$50,000 including accidental death and dismemberment are provided to full time employees on a fully-funded basis.

Note 8. Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$397,810, \$371,554, and \$324,221 respectively; 100 percent has been contributed for fiscal years 2001, 2000 and 1999. The District pays pension fund obligations when incurred.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 8. Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was used to fund pension obligations. 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 District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$819,828 \$687,545, and \$700,949 respectively; 100 percent has been contributed for fiscal years 2001, 2000 and 1999. The District pays pension fund obligations when incurred.

Note 9. Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$263,492 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2001, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 9. Postemployment Benefits (Continued)

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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$278,467.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

Note 10. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from board policy, negotiated agreements and State laws. Only the Superintendent and twelve-month employees earn ten to twenty days of vacation per year, depending upon length of service. School support personnel accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	10 Days
9 or more Years	15 Days
15 or more Years	20 Days

Administrators earn 20 days of vacation per year.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 10. Compensated Absences (Continued)

Sick Leave: Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 314 days for classified employees and 334 days for certified employees.

Retirement Severance Pay:

Certified Employees

Five or More Years of Service. A teacher who has five (5) or more years of service with the Board may elect at the time of retirement from active service to be paid for thirty percent (30%) of the value of the teacher's accrued but unused sick leave credit to a maximum of ninety two (92) days.

The word "retirement" shall be limited exclusively to mean full permanent retirement with regard to age and years of service under the State Teachers Retirement System law. The rate paid will be the per diem rate of the teacher's basic contract in effect at the time of retirement. Supplemental contracts, extended service or other compensation will not be included in the calculation. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the teacher. Such payment shall be made only once to any teacher.

Ten or More Years of Service. A teacher who has ten (10) or more years of service with the Board, who resigns or who is severed from employment for any reason, may elect to receive a lump sum cash payment for thirty percent (30%) of the value of the teacher's accrued but unused sick leave credit to a maximum of forty (40) days during the remainder of the term of the agreement. Such payment shall be calculated by multiplying the employee's daily rate of pay at the time of such severance of employment by the total number of days to which they are entitled. The rate paid will be the then effective per diem rate in effect at the time of resignation of severance of employment.

Classified Employees

Any employee who has five (5) or more years of service with the Board of Education may elect at the time of retirement from active service to be paid for thirty percent (30%) of the value of the employee's accrued but unused sick leave credit to a maximum of sixty-five (65) days. Severance pay is a per diem based upon the employee's hourly rate at retirement, times the hours worked per day. The word retirement as used shall be limited exclusively to mean full permanent service retirement with regard to age and years of service under the School Employees Retirement System. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the employee.

Total compensated absences payable at June 30, 2001 was \$946,645.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 11. Interfund Transactions

The District's transfers-in and transfers-out consist of the following:

	Transfers-In	Transfers-Out
General Fund	\$ 34,248	\$ 215,742
Special Revenue	14,237	0
Enterprise	201,505	0
Agency	0	34,248
	\$ 249,990	\$ 249,990

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 115,926	\$ 0
Special Revenue Funds	0	73,645
Enterprise Funds	0	42,281
	\$ 115,926	\$ 115,926

Note 12. Contingencies

A. Grants

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

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 12. Contingencies (Continued)

B. Litigation

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

Note 13. General Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

	Balance July 1, 2000	Net Change	Balance June 30, 2001
Intergovernmental Payable	\$ 7,875	(5,985)	\$ 1,890
Lease Obligations Payable	189,956	(108,217)	81,739
Compensated Absences Payable	650,330	44,598	694,928
	<u>\$ 848,161</u>	<u>(69,604)</u>	<u>\$ 778,557</u>

On August 1, 1997 the Board of Education authorized the lease purchase of computer equipment. The lease purchase was dated August 1, 1997 for \$292,500 and matures in monthly installments through July 1, 2002, with interest payable at 4.9%. During fiscal year 1999 the Board of Education authorized the lease purchase of additional computer equipment. The lease purchase was dated September 29, 1998 for \$136,556 and matures in monthly installments through September 1, 2001, with interest payable at 4.9%.

Principal and interest requirements to retire lease obligations are as follows:

	Principal	Interest
FY 2002	\$ 76,255	\$ 2,082
FY 2003	5,484	22
Total	<u>\$ 81,739</u>	<u>\$ 2,104</u>

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 14. Segment Information for Enterprise Funds

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Consumer Service Fund	Adult Education Fund	Total
Operating Revenues	\$ 169,703	167,345	101,395	1,885,583	\$ 2,324,026
Operating Expenses:					
Depreciation	6,095	0	0	24,787	30,882
Other Expenses	217,536	191,960	97,403	2,799,943	3,306,842
Total Operating Expenses	<u>223,631</u>	<u>191,960</u>	<u>97,403</u>	<u>2,824,730</u>	<u>3,337,724</u>
Operating Income (loss)	(53,928)	(24,615)	3,992	(939,147)	(1,013,698)
Non Operating Revenues					
Earnings on Investments	0	0	0	0	0
Miscellaneous	0	0	687	0	687
Operating Grants	22,014	0	0	537,806	559,820
Transfers In	25,980	26,196	0	149,329	201,505
Non Operating Expenses					
Loss on the Sale of Assets	0	0	0	(260)	(260)
Net Income (loss)	<u>\$ (5,934)</u>	<u>1,581</u>	<u>4,679</u>	<u>(252,272)</u>	<u>\$ (251,946)</u>
Net Working Capital	<u>\$ (27)</u>	<u>8,781</u>	<u>39,749</u>	<u>(93,491)</u>	<u>\$ (44,988)</u>
Total Assets	<u>\$ 96,027</u>	<u>9,210</u>	<u>82,261</u>	<u>382,712</u>	<u>\$ 570,210</u>
Total Retained Earnings	<u>\$ 83,715</u>	<u>8,779</u>	<u>39,776</u>	<u>168,428</u>	<u>\$ 300,698</u>

Note 15. Jointly Governed Organization

The Ohio Schools Council (Council) is a jointly governed organization among eighty-three school districts. This jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Governing Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001 the District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio 44146.

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year end and necessary adjustments are made.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 15. Jointly Governed Organizations (Continued)

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to pre-purchase eight years of electricity from the Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining pre-payment related to that participant to Energy Acquisition Corp.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school district will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Note 16. Statutory Reserves

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

The following table shows the set-aside and changes for the fiscal year:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-aside cash Balance as of June 30, 2000	\$ (10,377)	\$ 0	\$ 241,544
Current Year Set-aside Requirement	295,667	295,667	0
Qualifying Disbursements	(305,946)	(323,095)	0
Cash Balance Carried Forward to FY2002	<u>\$ (20,656)</u>	<u>\$ (27,428)</u>	<u>\$ 241,544</u>

Although the District had qualifying expenditures for capital maintenance during the year that reduced the set-aside amounts below zero, this extra amount may not be used to reduce the set-aside requirements of future years. However, the amount spent on textbooks can be carried forward to reduce the set aside requirements of future years.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 17. School Funding Decision

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

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 14, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

Note 18. Fund Deficits

The following funds had a deficit balance at June 30, 2001:

Consumer Education Projects	\$ (1,711)
Career Development	\$ (11,401)
Carl D. Perkins Fund	\$ (83,352)

The fund deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficit and will take the necessary steps to alleviate the deficit. The deficits result from revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 19. Compliance and Accountability

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. As of June 30, 2001, the following funds had expenditures which exceeded appropriations as approved by the Board.

Appropriations are approved on a fund/function/object level.

General Fund:

<u>Function Number</u>	<u>Object</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Amount in Excess</u>
1300	Capital Outlay	255,034	316,523	(61,489)
2200	Retirement Insurance	219,918	241,448	(21,530)
2500	Salaries and Wages	201,739	215,823	(14,084)
2700	Purchased Services	577,926	614,056	(36,129)
2700	Capital Outlay Replace	138,610	148,684	(10,074)

Consumer Services Fund

3300	Supplies and Materials	41,521	90,858	(49,336)
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Adult Education Fund

1300	Salaries and Wages	15,000	59,618	(44,618)
2200	Salaries and Wages	228,098	332,987	(104,889)
2400	Purchased Services	0	21,862	(21,862)
3200	Salaries and Wages	192,950	265,440	(72,490)

Appropriations approved an a fund type level

Special Revenue Funds

Salaries, Purchased Services, Fringe Benefits, Supplies	2,300,000	2,431,066	(131,066)
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Ohio Rev. Code section 5705.41B and D prohibits a subdivision from having expenditures plus encumbrances exceeding appropriations. The following fund had expenditures plus encumbrances which exceeded the appropriations as approved by the District's Board .

General Fund

<u>Function Number</u>	<u>Object</u>	<u>Total Appropriations</u>	<u>Total Expenditures Plus Expenditures</u>	<u>Amount in Excess</u>
2200	Capital Outlay	246,597	319,804	(73,207)

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 20. Changes in Accounting Principles.

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB No. 36 recipient Reporting for Certain Shared Nonexchange Transaction. There was no effect on the beginning fund balances as a result of implementing GASB 33 and GASB 36.

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

Federal Grantor/ Pass-Through Grantor/Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$6,083	\$0	\$6,083
National School Lunch Program	050948 04-PU-00	10.555	15,839	0	15,839	0
Total U.S. Department of Agriculture - Nutrition Cluster			15,839	6,083	15,839	6,083
<u>U.S. Department of Education</u>						
Direct Program						
Pell Grant	09048 RH-00 00	84.063	21,986	0	64,924	0
Technology Innovation Challenge Grant		84.303A	1,737,215	0	1,705,208	0
Total Direct Payment Programs			1,759,201	0	1,770,132	0
<i>Passed Through the Ohio Department of Education</i>						
Goals 2000	050948-G2-SP-99	84.276	40,000	0	62,695	0
Adult and Community Education	050948-AB-S1-00	84.002	45,806		9,141	
Eisenhower Math and Science	050948-MS-S4 00	84.281	0	0	1,305	0
Innovative Education Program Strategy	050948-C2-S4 99	84.298	0	0	2,972	0
Vocational Education:						
Basic Grants to States	050948-20-C1 00	84.048	242,638	0	244,069	0
	050948 20-C2 00		188,493	0	158,527	0
Sex Equity	050948 20-A5 00		8,500		0	
Total Vocational Education			439,631	0	402,596	0
<u>U.S Department of Labor</u>						
<i>Passed Through the Ohio Department of Education</i>						
School to Work	050948 WK-BE 00	17.249	22,087	0	0	0
Total Ohio Department of Education			461,718	0	402,596	0
			<u>\$2,322,564</u>	<u>\$6,083</u>	<u>\$2,264,680</u>	<u>\$6,083</u>

The notes to the federal awards expenditures are an integral part of this schedule

**POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

JUNE 30, 2001

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2001, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH PROGRAM

Federal monies received by the District for this program are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

CFDA - Catalog of Federal Domestic Assistance.



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

Board of Education
Polaris Joint Vocational School District
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

We have audited the financial statements of Polaris Joint Vocational School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10818-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated December 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 14, 2001.

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

Jim Petro
Auditor of State

December 14, 2001



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

Board of Education
Polaris Joint Vocational School District
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

Compliance

We have audited the compliance of the Polaris Joint Vocational School District, Cuyahoga County, Ohio, (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 each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 Polaris Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 14, 2001.

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

Jim Petro
Auditor of State

December 14, 2001

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Technology Innovation Challenge Grant 84.303A and Vocational Education 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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2001
(Continued)

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

Finding Number	2001-10818-001
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Ohio Rev. Code section 5705.41B prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures which exceeded the appropriations as approved by the District's Board .

Appropriations are approved on a fund/function/object level

General Fund:

<u>Function Number</u>	<u>Object</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Amount in Excess</u>
1300	Capital Outlay	\$255,034	\$326,234	\$(71,200)
2200	Retirement Insurance	219,918	241,448	(21,530)
2500	Salaries and Wages	201,739	215,823	(14,084)
2700	Purchased Services	577,926	638,638	(60,711)
2700	Capital Outlay Replace	138,610	154,003	(15,393)

Consumer Services Fund

3300	Supplies and Materials	41,521	91,518	(49,997)
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Adult Education Fund

1300	Salaries and Wages	15,000	59,618	(44,618)
2200	Salaries and Wages	228,098	332,987	(104,889)
2400	Purchased Services	0	23,620	(23,620)
3200	Salaries and Wages	192,950	265,440	(72,490)

Appropriations approved an a fund type level

Special Revenue Funds

Salaries, Purchased Services, Fringe Benefits, Supplies	2,300,000	2,513,074	(213,074)
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SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

POLARIS JOINT VOCATIONAL SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2001
(Continued)

Finding Number	2001-10818-001 (Continued)
-----------------------	-----------------------------------

Ohio Rev. Code Sections 5705.41B and D prohibit a subdivision from having expenditures plus encumbrances exceeding appropriations. The following fund had expenditures plus encumbrances which exceeded the appropriations as approved by the District's Board .

General Fund

<u>Function Number</u>	<u>Object</u>	<u>Total Appropriations</u>	<u>Total Expenditures Plus Encumbrances</u>	<u>Amount in Excess</u>
2200	Capital Outlay	246,597	319,804	(73,207)

The District also had several other less significant violations of these code sections.

Expending or committing more funds than are appropriated could lead to budget deficits and future cash flow problems.

We recommend the District review budget to actual financial information on a monthly basis at a minimum and pass all applicable appropriation measures prior to the end of the fiscal year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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POLARIS JOINT VOCATIONAL SCHOOL DISTRICT

CUYAHOGA 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
JANUARY 22, 2002**