



**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

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

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

Ohio Administrative Code Section 117-2-01 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, fund cash balances and reserve for encumbrances of the Licking County Joint Vocational School District as of June 30, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 1.

As described in Note 2, during the year ending June 30, 2000, the District reclassified the Licking Area Computer Association Fund from an internal service fund to an agency fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2000, 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.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

September 15, 2000

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

COMBINED STATEMENT OF CASH AND FUND CASH BALANCES-
ALL FUND TYPES
AS OF JUNE 30, 2000

Cash	<u>\$4,603,408</u>
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CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$2,512,218
Special Revenue Funds	217,552
Capital Project Funds	1,130,952
Proprietary Funds:	
Enterprise Funds	218,966
Internal Service Funds	657
Fiduciary Funds:	
Expendable Trust Funds	65,204
Agency Funds	<u>457,859</u>
Total	<u>\$4,603,408</u>

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

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Fiduciary Fund Type	(Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Total
Receipts:					
Receipts from Local Sources					
Taxes	\$4,364,510	\$0	\$0	\$0	\$4,364,510
Tuition	5,325	0	0	0	5,325
Earnings on Investments	158,899	0	73,940	435	233,274
Extracurricular Activities	0	25,199	0	0	25,199
Classroom Materials and Fees	10,079	0	0	0	10,079
Miscellaneous	49,365	64,681	0	42,714	156,760
Receipts from State Sources					
Unrestricted Grants in Aid	2,946,263	78,335	0	0	3,024,598
Restricted Grants in Aid	66,341	139,394	44,178	0	249,913
Receipts from Federal Sources					
Restricted Grants in Aid	0	581,196	0	0	581,196
Total Receipts	7,600,782	888,805	118,118	43,149	8,650,854
Disbursements:					
Instruction					
Regular	872,972	0	0	0	872,972
Vocational Education	2,453,513	95,284	3,010	0	2,551,807
Adult/Continuing	76,310	366,902	241	1,056	444,509
Support Services					
Pupils	471,928	211,465	0	0	683,393
Instructional Staff	622,923	65,647	0	0	688,570
Board of Education	16,162	0	0	0	16,162
Administration	517,070	16,049	0	0	533,119
Fiscal Services	345,763	5,160	0	0	350,923
Business	9,409	0	0	1,284	10,693
Operation and Maintenance-Plant	853,506	0	0	0	853,506
Pupil Transportation	19,397	0	0	0	19,397
Central	92,463	76,199	1,830	774	171,266
Operation of Non-Instructional Services					
Other Operations of Non-Instructional Services	96	0	0	400	496
Extracurricular Activities					
Academic & Subject Oriented Activities	39,495	2,562	0	0	42,057
Co-Curricular Activities	0	20,986	0	0	20,986
Facilities Acquisition and Construction Services					
Site Improvement	3,375	0	83,893	0	87,268
Building Acquisition and Construction	0	0	178,089	0	178,089
Building Improvement	0	0	1,071,264	0	1,071,264
Other Facilities Acquisition and Construction	0	0	18,330	0	18,330
Debt Service					
Repayment of Debt	36,887	0	0	0	36,887
Total Disbursements	6,431,269	860,254	1,356,657	3,514	8,651,694
Excess of Receipts Over/(Under) Disbursements	1,169,513	28,551	(1,238,539)	39,635	(840)
Other Financing Sources/(Uses):					
Sale and Loss of Assets	1,062	0	0	0	1,062
Proceeds from Sale of Notes	0	0	1,110,375	0	1,110,375
Transfers-In	0	10,851	47,895	0	58,746
Refund of Prior Year Disbursements	1,087	0	0	0	1,087
Transfers-Out	(70,764)	0	0	0	(70,764)
Advances-Out	(100,000)	0	0	0	(100,000)
Total Other Financing Sources/(Uses)	(168,615)	10,851	1,158,270	0	1,000,506
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	1,000,898	39,402	(80,269)	39,635	999,666
Beginning Fund Balance	1,511,320	178,150	1,211,221	25,569	2,926,260
Ending Fund Balance	\$2,512,218	\$217,552	\$1,130,952	\$65,204	\$3,925,926
Reserve for Encumbrances	\$163,473	\$197,865	\$188,700	\$300	\$550,338

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

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND OTHER FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>(Memorandum</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Fund Type</u>	<u>Only)</u>
			<u>Agency</u>	<u>Total</u>
Operating Receipts:				
Tuition	\$483,108	\$0	\$0	\$483,108
Charge for Services	204,838	0	848,228	1,053,066
Food Services	158,840	0	0	158,840
Extracurricular Activities	0	0	84,797	84,797
Classroom Materials and Fees	147,900	120	0	148,020
Total Operating Receipts	994,686	120	933,025	1,927,831
Operating Disbursements:				
Personal Services - Salaries	833,619	0	380,932	1,214,551
Employees' Retirement and Insurance	216,360	0	144,165	360,525
Purchased Services	65,216	459	325,769	391,444
Supplies and Materials	330,098	1,110	124,826	456,034
Capital Outlay	30,046	255	275,737	306,038
Other Objects	27,505	0	22,172	49,677
Total Operating Disbursements	1,502,844	1,824	1,273,601	2,778,269
Excess of Operating Receipts Over/(Under) Operating Disbursements	(508,158)	(1,704)	(340,576)	(850,438)
Non-Operating Receipts:				
Miscellaneous	0	1,569	0	1,569
State Sources				
Unrestricted Grants in Aid	359,011	0	0	359,011
Restricted Grants in Aid	0	0	516,453	516,453
Federal Sources				
Unrestricted Grants in Aid	3,606	0	0	3,606
Restricted Grants in Aid	0	0	40,055	40,055
Total Non-Operating Receipts	362,617	1,569	556,508	920,694
Non-Operating Disbursements:				
Refund of Prior Years Receipts	11,970	0	0	11,970
Pass-through	0	0	133,411	133,411
Total Non-Operating Disbursements	11,970	0	133,411	145,381
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(157,511)	(135)	82,521	(75,125)
Operating Transfers-In	12,018	0	0	12,018
Advances-In	100,000	0	0	100,000
Net Excess of Receipts Over/(Under) Disbursements	(45,493)	(135)	82,521	36,893
Beginning Fund Balance	264,459	792	375,338	640,589
Ending Fund Balance	\$218,966	\$657	\$457,859	\$677,482
Reserve for Encumbrances	\$20,923	\$0	\$180,445	\$201,368

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

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$6,725,869	\$7,602,931	\$877,062
Special Revenue	1,100,760	899,656	(201,104)
Capital Projects	1,362,838	1,276,388	(86,450)
Proprietary			
Enterprise	1,803,033	1,369,321	(433,712)
Internal Service	1,500	1,689	189
Fiduciary			
Expendable Trust	<u>4,450</u>	<u>43,149</u>	<u>38,699</u>
Total (Memorandum Only)	<u>\$10,998,450</u>	<u>\$11,193,134</u>	<u>\$194,684</u>

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

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Fiscal Year Appropriations</u>	<u>Total</u>	<u>Fiscal Year Disbursements</u>	<u>Encumbrances Outstanding At 06/30/00</u>	<u>Total</u>
Governmental						
General	\$95,047	\$7,362,166	\$7,457,213	\$6,502,033	\$163,473	\$6,665,506
Special Revenue	124,175	1,412,054	1,536,229	860,254	197,865	1,058,119
Capital Projects	28,671	1,840,786	1,869,457	1,356,657	188,700	1,545,357
Proprietary						
Enterprise	25,915	1,677,944	1,703,859	1,514,814	20,923	1,535,737
Internal Service	0	1,824	1,824	1,824	0	1,824
Fiduciary						
Expendable Trust	68	3,814	3,882	3,514	300	3,814
Total (Memorandum Only)	\$273,876	\$12,298,588	\$12,572,464	\$10,239,096	\$571,261	\$10,810,357

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

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**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of The Entity

The Licking County Joint Vocational School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is defined under Section 3311.18, Revised Code. The District operates under the direction of a seven member elected Board of Education and is responsible for the provisions of public education to residents of the District.

In addition to the authority statutorily provided to the District, by agreement the Treasurer of the District serves as fiscal agent for the Licking Area Computer Association (LACA), considered part of the District. Accordingly, the financial activity for LACA is reflected in the Agency Fund Type.

Average daily membership (ADM) as of June 30, 2000, was 611. The District employed 86 certificated employees and 39 non-certificated employees.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-01(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Enterprise Funds

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

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Expendable Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other funds and/or governmental units.

D. Budgetary Process

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

Estimated Resources

The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The District did not pass the permanent appropriation measure until March 28, 2000 and appropriations exceeded estimated revenue in the Vocational Education and Adult Basic Education Funds at June 30, 2000.

Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

As disclosed in Note 8, the District is fiscal agent for the Licking Area Computer Association (LACA). The District Treasurer tracks encumbrances for LACA and they are reported in an agency fund, however, such budgetary activity is not reflected in the budgetary financial statements since the District is not required to budget for agency funds.

E. Property, Plant And Equipment

Fixed assets acquired or constructed for the District are recorded as disbursements. Depreciation is not recorded for these fixed assets.

F. Accumulated Unpaid Vacation, Sick Leave, And Personal Leave

Accumulated unpaid vacation leave, sick leave, and personal leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of June 30, 2000.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

2. FUND RECLASSIFICATION

During FY 2000, the Licking Area Computer Association (LACA) Fund, an Internal Service Fund Type, was reclassified to the Agency Fund Type, to better reflect the District's responsibility for this activity. The reclassification is as follows:

Internal Service Fund Balance at June 30, 1999, as reported	\$334,668
Reclassification	<u>(333,876)</u>
Adjusted July 1, 1999 Fund Balance	<u><u>\$792</u></u>
Agency Fund Balance at July 1, 1999, as reported:	\$41,462
Reclassification	<u>333,876</u>
Adjusted July 1, 1999 Fund Balance	<u><u>\$375,338</u></u>

3. EQUITY IN POOLED CASH

The District maintains a cash pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash and Fund Cash Balances" as "Cash Balances by Fund Type."

State law requires the classification of moneys held by the District into three categories:

Category 1 consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such moneys must be maintained either as cash in the District's treasury or in depository accounts payable or withdrawable on demand, negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

Category 2 consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be held in deposits or investments maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" moneys, those moneys which are redeemable within two years from the date of purchase, not to exceed the end of the current period of depositories. Interim moneys may be invested or deposited, pursuant to Section 135.14 and 135.45, Revised Code, in the following securities:

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

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

3. EQUITY IN POOLED CASH (Continued)

Interim monies may be 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;
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; and
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies

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

During the year the District's investments were limited to repurchase agreements.

Deposits At fiscal year-end, the carrying amount of the District's deposits was \$4,603,408 and the bank balance of \$5,048,636 was fully insured by federal depository insurance (FDIC) or collateralized with securities held by the pledging institution or its trust department or agent but not in the District's name.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

4. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised values. The county auditors reappraise all real property every six years with a triennial update. The last reappraisal was complete for Licking County in tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the counties on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax year 1997 were \$2.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$2.00 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax year 1998 \$2.00 per \$1,000 of assessed valuation.

Real Property - 1999 Valuation

Residential/Agricultural	\$1,722,265,160
Commercial/Industrial	388,041,030
Minerals	1,784,000
P.U. Real Property	886,570

Tangible Personal Property - 1999 Valuation

General	227,830,405
Public Utilities	147,383,460
Total Valuation	<u><u>\$2,488,190,625</u></u>

The County Treasurers collects property tax on behalf of all taxing districts within the county. The County Auditors periodically remits to the taxing districts their portion of the taxes collected.

5. DEBT

Energy Conservation Notes - On October 15, 1999, the District issued \$1,110,375 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2010 and with an interest rate of 5.24 percent.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

5. DEBT (Continued)

Principal and interest requirements to retire the notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$87,296	\$55,897	\$143,193
2002	91,870	51,202	143,072
2003	96,684	46,262	142,946
2004	101,750	41,063	142,813
2005	107,082	35,592	142,674
2006-2010	625,693	85,311	711,004
Total	<u>\$1,110,375</u>	<u>\$315,327</u>	<u>\$1,425,702</u>

6. 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 ending June 30, 2000, the District contracted with various insurance companies for property and general liability insurance, including criminal, mechanical, electrical and pressure equipment, inland marine, and fleet coverage.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

7. RETIREMENT SYSTEMS

State Teachers Retirement System of Ohio

The State Teachers Retirement System of Ohio (STRS) is a state operated, cost-sharing, multiple-employer public employee retirement system. Full-time certified teachers of the Licking County Joint Vocational School District belong to STRS. Teachers who are retained on personal service contracts do not participate. STRS provides retirement benefits to vested employees who are eligible to retire based upon years of service. STRS also provides survivor and disability benefits to vested employees.

Employees contribute 9.30% of gross pay. The employer matching share is 14.0% of gross pay. The pension contribution for the District for the fiscal year ended June 30, 2000, was \$1,027,051, which consisted of \$410,835 from employees and \$616,216 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

7. RETIREMENT SYSTEMS (Continued)

School Employees Retirement System of Ohio

The School Employees Retirement System of Ohio (SERS) is a state operated, cost-sharing, multiple-employer public employee retirement system. Full-time permanent, non-certified employees of the Licking County Joint Vocational School District belong to SERS. SERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. SERS also provides survivor and disability benefits to vested employees.

Employees contribute 9.0% of gross pay. The employer matching share is 14.0% of gross pay. The pension contribution for the District for the fiscal year ended June 30, 2000, was \$336,183, which consisted of \$140,278 from employees and \$195,905 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

8. JOINT VENTURE

The District is a participant among thirteen schools in a joint venture to operate the Licking Area Computer Association (LACA). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. LACA is governed by a board of directors consisting of one superintendent or his/her designee from each of the participating members. The district has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions and likewise shall participate in proceeds from sale of assets upon liquidation. LACA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future.

The Licking County Joint Vocational School District is the fiscal agent for LACA. Financial statements for LACA can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

9. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the District received \$2,435,971 of school foundation support for its general fund.

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

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

9. STATE SCHOOL FUNDING DECISION (Continued)

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

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

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

10. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set aside Cash Balance as of June 30, 1999	\$0	\$0	\$102,610	\$102,610
Current Year Set-Aside Requirement	180,533	180,533	60,177	421,243
Qualifying Disbursements	<u>(215,859)</u>	<u>(214,013)</u>	<u>0</u>	<u>(429,872)</u>
Total	<u>(\$35,326)</u>	<u>(\$33,480)</u>	<u>\$0</u>	<u>\$93,981</u>
Cash Balance Carried Forward to FY 2001	<u>(\$35,326)</u>	<u>\$0</u>	<u>\$162,787</u>	

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

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

10. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

Although the District had, for the Capital Maintenance Reserve, additional qualifying disbursements during the year that reduced the set aside amounts below zero, these extra amounts may not be used to reduce the set aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

For the Textbook Reserve, the District incurred additional qualifying disbursements totaling \$35,326 that reduced the set aside amounts below zero. Unlike the Capital Maintenance Reserve, these extra amounts may be used to reduce the set aside requirements of future periods and negative amounts are therefore presented as being carried forward to the next fiscal year.

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000
(Cash Basis)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - State Grant Program	AB-S1-99	84.002	\$18,634	\$32,739
	AB-S1-98C		0	3,416
	AB-S1-00		65,202	65,202
	AB-S1-97		0	12,696
	-		0	1,830
	-		0	1,192
	-		2,151	0
	-		3,718	241
Total Adult Education - State Grant Program			<u>89,705</u>	<u>117,316</u>
Vocational Education-Basic Grants to States	20-A4-98	84.048	0	1,733
	20-A4-99		84,937	80,030
	20-A5-99		50,816	24,500
	20-C1-99		37,294	58,194
	20-C1-00		275,939	205,182
	20-C2-99		6,715	0
	20-C2-00		38,285	40,988
	-		0	2,815
	-		0	5,417
	-		16,980	18,801
Total Vocational Education-Basic Grants to States			<u>510,966</u>	<u>437,660</u>
Safe and Drug-Free Schools and Communities - State Grants	-	84.186	0	549
Innovative Education Program Strategies	C2-S1-99	84.298	2,827	0
	C2-S1-00		931	3,103
Total Innovative Education Program Strategies			<u>3,758</u>	<u>3,103</u>
Tech-Prep Education	E3-00-99	84.243	119	0
	E3-00-00		3,487	3,487
Total Tech-Prep Education			<u>3,606</u>	<u>3,487</u>
<i>Direct from Federal Grantor</i>				
Federal Pell Grant Program	-	84.063	42,100	47,304
Total Department of Education			<u>650,135</u>	<u>609,419</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Department of Education:</i>				
Employment Services and Job Training-Pilot and Demonstration Programs	WK-BE-98	17.249	0	1,830
Total Department of Labor			<u>0</u>	<u>1,830</u>
Totals			<u>\$650,135</u>	<u>\$611,249</u>

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

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

We have audited the financial statements of the Licking County Joint Vocational School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated September 15, 2000 wherein we noted the District reclassified a certain fund. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items **2000-10645-001** through **2000-10645-003**. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated September 15, 2000.

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 September 15, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

JIM PETRO
Auditor of State

September 15, 2000



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

Board of Education
Licking County Joint Vocational School District
Licking County
150 Price Road
Newark, Ohio 43055

Compliance

We have audited compliance of the Licking County Joint Vocational School District, Licking 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 is applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

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.

We noted another matter involving the internal control over federal compliance, not requiring inclusion in this report, that we have reported to management of the District in a separate letter dated September 15, 2000.

This report is intended for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

September 15, 2000

**LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

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):	Vocational Education - Basic Grants to States- #84.048
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding # 2000-10645-001

Ohio Admin. Code Section 117-2-01(B), requires the District to prepare its annual financial report in accordance with Generally Accepted Accounting Principles (GAAP). The District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than GAAP. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District.

The District should prepare its financial statements in accordance with the Generally Accepted Accounting Principles.

LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
LICKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
(Continued)

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

Finding # 2000-10645-002

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources available for expenditure as certified by the budget commission. The following funds appropriations exceeded estimated revenue available for expenditure:

Fund Type / Funds	Total Available	Total Appropriated	Variance
Special Revenue Funds:			
Vocational Education (524)	\$413,305	\$818,442	(\$405,137)
Adult Basic Education (501)	269,890	381,501	(111,611)

The Treasurer should closely monitor appropriations versus total estimated revenues and make appropriate budgetary adjustments with approval from the Board of Education.

Finding # 2000-10645-003

Ohio Rev. Code Section 5705.38 states that the annual appropriation measure is to be passed on or about the first day of each fiscal year. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until October 1.

Temporary appropriations were approved on June 22, 1999, however, the permanent appropriations were not approved by the Board until March 28, 2000.

Permanent Appropriations should be passed by October 1 of each year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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800-282-0370

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LICKING COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

LICKING 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
OCTOBER 19, 2000