

PENTA COUNTY VOCATIONAL  
SCHOOL DISTRICT

GENERAL-PURPOSE FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT AND  
AUDITOR'S REPORTS ON INTERNAL CONTROL,  
COMPLIANCE, SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND OTHER MATTERS

JULY 1, 1999 TO JUNE 30, 2000



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Education  
Penta County Vocational School District

We have reviewed the Independent Auditor's Report of the Penta County Vocational School District, Wood County, prepared by Reichert & Associates, CPA's, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

December 31, 2000

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
WOOD COUNTY**

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PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
 30096 Oregon Road  
 Perrysburg, Ohio 43551

ELECTED OFFICIALS AND  
 ADMINISTRATIVE PERSONNEL  
 AS OF JUNE 30, 2000

Name	Title	Term of Office or Contract Period	Surety	Amount
<b>BOARD OF EDUCATION</b>				
Marcia Helman	President	1/01/00 to 12/31/01	(A)	\$20,000
Janet Wolff	Vice President	1/01/00 to 12/31/01	-	-
Ellen Dalton	Member	1/01/00 to 12/31/01	-	-
John Kevern	Member	1/01/99 to 12/31/00	-	-
Penelope Getz	Member	1/01/00 to 12/31/01	-	-
Paul Keough	Member	1/01/99 to 6/29/00	-	-
Daniel Burns	Member	1/01/00 to 12/31/01	-	-
John Hoyt	Member	1/01/99 to 12/31/00	-	-
Duane Owen	Member	1/01/99 to 12/31/00	-	-
Judith A. Sander	Member	1/01/00 to 12/31/01	-	-
Betty Long	Member	1/01/99 to 4/11/00	-	-
Kathy Limes	Member	4/12/00 to 12/31/00	-	-

**LEGAL COUNSEL**

Cooper, Walinski, and Cramer  
 900 Adams Street  
 P.O. Box 1568  
 Toledo, Ohio 43603

**ADMINISTRATIVE PERSONNEL**

Fred Susor	Superintendent	8/1/97-7/31/00	(A)	\$20,000
Carrie Herringshaw	Treasurer	1/12/00 to Organizational Meeting 2004	(A)	\$100,000

(A) Nationwide Insurance

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

INDEX OF FUNDS

**GOVERNMENTAL FUND TYPE:**

**General Fund Type:**

General Fund  
Special Rotary Fund  
Local Grants Fund  
Media Materials Fund

**Special Revenue Fund Type:**

Adult Education Fund  
Adult Basic Literacy Education Fund  
Bureau of Vocational Rehabilitation Contract Services Fund  
Career Development Fund  
Career Education Fund  
Education Management Information System (EMIS) Fund  
Eisenhower Professional Development Fund  
Goals 2000 Grant Fund  
Jobs Grant Fund  
JTPA School -To -Work Fund  
Professional Development Block Grant Fund  
Supplemental Educational Opportunity Grant (SEOG) Fund  
Skill Center Food Service Fund  
Title VI Innovative Education Fund  
Tech Preparation Expanded Enrollment Fund  
UAW Ford Fund  
Vocational Education Fund  
Wellness Block Grant Fund

**Capital Projects Fund Type:**

Permanent Improvements Fund

**PROPRIETARY FUND TYPE:**

**Enterprise Fund Type:**

High School Food Service Fund  
Uniform School Supplies Fund

**FIDUCIARY FUND TYPE:**

**Trust and Agency Fund Types:**

**Expendable Trust Funds:**

Harpster Trust Fund  
Adult Education SBM  
Graphics Trust Fund  
Ayes Tool Scholarship Fund

**Nonexpendable Trust Funds:**

Hirzel Scholarship Foundation Fund

**Agency Funds:**

Pell Grant Fund  
Maumee Valley Computer Association (MAVCA) Fund  
Student Activities Fund

# REICHERT & ASSOCIATES, CPA'S

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Penta County Vocational School District

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose 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 District, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 1, 2000 on our consideration of Penta County Vocational School District's internal controls over financial reporting and our test of its compliance with 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 general-purpose financial statements of the Penta County Vocational School District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

December 1, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA's**  
Certified Public Accountants

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**For the Fiscal Year Ended June 30, 2000**

	<b>GOVERNMENTAL FUND TYPES</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,187,919	\$328,757	\$7,306,323
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Receivables:			
Taxes	8,685,523	0	0
Intergovernmental	100,803	133,859	0
Accrued Interest	141,429	0	0
Interfund Receivable	104,094	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	33,185	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	336,930	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<b>Other Debits:</b>			
Amount to be Provided from General Government Resources	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$11,589,883</u></b>	<b><u>\$462,616</u></b>	<b><u>\$7,306,323</u></b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$138,066	\$12,580	\$2,404
Contracts Payable	0	0	16,008
Accrued Wages & Benefits	1,053,949	52,318	0
Compensated Absences Payable	124,553	3,000	0
Interfund Payable	0	104,094	0
Intergovernmental Payable	313,443	64,152	0
Deferred Revenue	8,023,729	0	0
Payroll Withholding	0	0	0
Undistributed Monies	0	0	0
<b>Total Liabilities</b>	<b><u>9,653,740</u></b>	<b><u>236,144</u></b>	<b><u>18,412</u></b>
<b>FUND EQUITY AND OTHER CREDITS:</b>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings	0	0	0
Fund Balance:			
Reserved for Encumbrances	379,242	95,333	169,270
Reserved for Inventory	33,185	0	0
Reserved for Property Tax	590,854	0	0
Reserved for Budget Stabilization	336,930	0	0
Designated for Scholarships	0	0	0
Unreserved, Undesignated	595,932	131,139	7,118,641
<b>Total Fund Equity and Other Credits</b>	<b><u>1,936,143</u></b>	<b><u>226,472</u></b>	<b><u>7,287,911</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$11,589,883</u></b>	<b><u>\$462,616</u></b>	<b><u>\$7,306,323</u></b>

See accompanying Notes to the General Purpose Financial Statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$8,681	\$134,117	\$0	\$0	\$9,965,797
0	63,959	0	0	63,959
0	0	0	0	8,685,523
0	0	0	0	234,662
0	0	0	0	141,429
0	0	0	0	104,094
3,183	0	0	0	3,183
1,618	0	0	0	34,803
0	0	0	0	336,930
23,047	0	21,045,245	0	21,068,292
0	0	0	1,710,982	1,710,982
<u>\$36,529</u>	<u>\$198,076</u>	<u>\$21,045,245</u>	<u>\$1,710,982</u>	<u>\$42,349,654</u>
\$446	\$0	\$0	\$0	\$153,496
0	0	0	0	16,008
1,523	0	0	0	1,107,790
16,470	0	0	1,704,624	1,848,647
0	0	0	0	104,094
509	0	0	6,358	384,462
211	0	0	0	8,023,940
0	63,959	0	0	63,959
0	66,241	0	0	66,241
19,159	130,200	0	1,710,982	11,768,637
0	0	21,045,245	0	21,045,245
9,408	0	0	0	9,408
7,962	0	0	0	7,962
0	500	0	0	644,345
0	0	0	0	33,185
0	0	0	0	590,854
0	0	0	0	336,930
0	46,412	0	0	46,412
0	20,964	0	0	7,866,676
17,370	67,876	21,045,245	0	30,581,017
<u>\$36,529</u>	<u>\$198,076</u>	<u>\$21,045,245</u>	<u>\$1,710,982</u>	<u>\$42,349,654</u>



**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<b>REVENUES:</b>					
Intergovernmental	7,101,355	1,468,316	0	0	8,569,671
Interest	228,597	0	364,953	468	594,018
Tuition and Fees	0	397,146	0	0	397,146
Extracurricular Activities	14,859	0	0	0	14,859
Gifts and Donations	45,171	0	0	4,780	49,951
Customer Services	378,255	66,876	0	0	445,131
Property & Other Local Taxes	8,289,523	0	0	0	8,289,523
Miscellaneous	50,307	21,466	0	0	71,773
<b>Total Revenues</b>	<b>16,108,067</b>	<b>1,953,804</b>	<b>364,953</b>	<b>5,248</b>	<b>18,432,072</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	488,633	0	0	0	488,633
Special	608,805	0	0	0	608,805
Vocational	7,679,848	258,683	0	0	7,938,531
Adult/Continuing	86,845	800,141	0	0	886,986
Support Services:					
Pupils	1,300,459	271,294	0	0	1,571,753
Instructional Staff	1,466,645	344,867	0	0	1,811,512
Board of Education	43,925	0	0	0	43,925
Administration	860,268	246,311	0	0	1,106,579
Fiscal	369,719	0	0	0	369,719
Operation and Maintenance of Plant	1,760,152	48,929	0	0	1,809,081
Collaboration	0	0	69,760	0	69,760
Operation of Non-Instructional Services	300,419	99,077	0	4,450	403,946
Capital Outlay	0	0	417,717	0	417,717
Intergovernmental	0	0	0	0	0
<b>Total Expenditures</b>	<b>14,965,718</b>	<b>2,069,302</b>	<b>487,477</b>	<b>4,450</b>	<b>17,526,947</b>
Excess of Revenues Over (Under) Expenditures	1,142,349	-115,498	-122,524	798	905,125
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	47,864	225,193	500,000	0	773,057
Operating Transfers Out	(794,277)	0	0	0	(794,277)
<b>Total Other Financing Sources (Uses)</b>	<b>(746,413)</b>	<b>225,193</b>	<b>500,000</b>	<b>0</b>	<b>(21,220)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	395,936	109,695	377,476	798	883,905
Fund Balances (Deficit) at Beginning of Year	1,555,020	116,777	6,910,435	10,006	8,592,238
Decrease in Reserve for Inventory	(14,813)	0	0	0	(14,813)
<b>Fund Balances at End of Year</b>	<b>\$1,936,143</b>	<b>\$226,472</b>	<b>\$7,287,911</b>	<b>\$10,804</b>	<b>\$9,461,330</b>

See accompanying Notes to the General Purpose Financial Statements

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Intergovernmental	6,932,005	7,086,018	154,013	1,360,538	1,456,010	95,472
Interest	200,000	209,400	9,400	0	0	0
Tuition and Fees			0	271,000	397,146	126,146
Extracurricular Activities	11,000	14,859	3,859	0	0	0
Gifts and Donations	33,200	45,171	11,971	0	0	0
Customer Services	419,704	412,557	(7,147)	59,899	66,876	6,977
Property & Other Local Taxes	7,658,865	8,214,349	555,484	0	0	0
Miscellaneous	19,800	50,306	30,506	19,000	21,466	2,466
<b>Total Revenues</b>	<b>15,274,574</b>	<b>16,032,660</b>	<b>758,086</b>	<b>1,710,437</b>	<b>1,941,498</b>	<b>231,061</b>
<b>EXPENDITURES:</b>						
Current:						
Instruction:						
Regular	497,580	512,295	(14,715)	0	0	0
Special	633,949	630,158	3,791	0	0	0
Vocational	8,055,834	8,012,880	42,954	278,782	279,204	(422)
Adult/Continuing	89,868	89,339	529	812,665	813,953	(1,288)
Support Services:						
Pupils	1,394,029	1,335,361	58,668	316,023	304,705	11,318
Instructional Staff	1,574,641	1,518,722	55,919	383,702	359,635	24,067
Board of Education	48,851	45,182	3,669	0	0	0
Administration	1,251,741	914,387	337,354	252,962	255,441	(2,479)
Fiscal	383,010	467,623	(84,613)	0	0	0
Operation and Maintenance of Plant	1,929,835	1,923,584	6,251	0	0	0
Collaboration			0	36,429	36,429	0
Operation of Non-Instructional						
Services	315,577	317,459	(1,882)	100,409	100,409	0
Capital Outlay			0	0	0	0
<b>Total Expenditures</b>	<b>16,174,915</b>	<b>15,766,990</b>	<b>407,925</b>	<b>2,180,972</b>	<b>2,149,776</b>	<b>31,196</b>
<b>Excess of Revenues Over(Under) Expenditure:</b>	<b>(900,341)</b>	<b>265,670</b>	<b>1,166,011</b>	<b>(470,535)</b>	<b>(208,278)</b>	<b>262,257</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Refund of Prior Year Expenditures			0	0	0	0
Advances In	108,804	121,272	12,468	104,093	104,093	0
Advances Out	(137,532)	(104,093)	33,439	(121,272)	(121,272)	0
Operating Transfers In	47,864	47,864	0	230,604	225,193	(5,411)
Operating Transfers Out	(778,474)	(794,277)	(15,803)	0	0	0
Other Financing Sources		0	0	0	0	0
Other Financing Uses	(200,000)	0	200,000	(12,501)	(12,501)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(959,338)</b>	<b>(729,234)</b>	<b>230,104</b>	<b>200,924</b>	<b>195,513</b>	<b>(5,411)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,859,679)	(463,564)	1,396,115	(269,611)	(12,765)	256,846
Fund Balances at Beginning of Year	2,036,867	2,036,867	0	160,616	160,616	0
Prior Year Encumbrances Appropriated	448,010	448,010	0	73,207	73,207	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>625,198</b>	<b>2,021,313</b>	<b>1,396,115</b>	<b>(35,788)</b>	<b>221,058</b>	<b>256,846</b>

0

See accompanying Notes to the General Purpose Financial Statements

Capital Projects Fund			Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0	8,292,543	8,542,028	249,485
150,000	364,953	214,953	469	468	(1)	350,469	574,821	224,352
0	0	0	0	0	0	271,000	397,146	126,146
0	0	0	0	0	0	11,000	14,859	3,859
0	0	0	1,750	4,780	3,030	34,950	49,951	15,001
0	0	0	0	0	0	479,603	479,433	(170)
0	0	0	0	0	0	7,658,865	8,214,349	555,484
0	0	0	0	0	0	38,800	71,772	32,972
150,000	364,953	214,953	2,219	5,248	3,029	17,137,230	18,344,359	1,207,129
0	0	0	0	0	0	497,580	512,295	(14,715)
0	0	0	0	0	0	633,949	630,158	3,791
0	0	0	0	0	0	8,334,616	8,292,084	42,532
0	0	0	0	0	0	902,533	903,292	(759)
0	0	0	0	0	0	1,710,052	1,640,066	69,986
0	0	0	0	0	0	1,958,343	1,878,357	79,986
0	0	0	0	0	0	48,851	45,182	3,669
0	0	0	0	0	0	1,504,703	1,169,828	334,875
0	0	0	0	0	0	383,010	467,623	(84,613)
0	0	0	0	0	0	1,929,835	1,923,584	6,251
0	0	0	0	0	0	36,429	36,429	0
0	0	0	4,600	4,450	150	420,586	422,318	(1,732)
1,273,754	695,324	578,430	0	0	0	1,273,754	695,324	578,430
1,273,754	695,324	578,430	4,600	4,450	150	19,634,241	18,616,540	1,017,701
(1,123,754)	(330,371)	793,383	(2,381)	798	3,179	(2,497,011)	(272,181)	2,224,830
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	212,897	225,365	12,468
0	0	0	0	0	0	(258,804)	(225,365)	33,439
750,000	500,000	(250,000)	0	0	0	1,028,468	773,057	(255,411)
0	0	0	0	0	0	(778,474)	(794,277)	(15,803)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(212,501)	(12,501)	200,000
750,000	500,000	(250,000)	0	0	0	(8,414)	(33,721)	(25,307)
(373,754)	169,629	543,383	(2,381)	798	3,179	(2,505,425)	(305,902)	2,199,523
6,577,660	6,577,660	0	10,006	10,006	0	8,785,149	8,785,149	0
373,754	373,754	0	0	0	0	894,971	894,971	0
6,577,660	7,121,043	543,383	7,625	10,804	3,179	7,174,695	9,374,218	2,199,523

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Statement of Revenues, Expenses, and Changes in Fund Equity**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Year Ended June 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
<b>OPERATING REVENUES:</b>			
Sales	\$371,703	\$0	\$371,703
Interest	0	3,021	3,021
Gifts and Donations	0	470	470
	<hr/>		
Total Operating Revenues	371,703	3,491	375,194
<b>OPERATING EXPENSES:</b>			
Salaries	85,835	0	85,835
Fringe Benefits	26,127	0	26,127
Purchased Services	50,662	0	50,662
Cost of Sales	257,101	0	257,101
Depreciation	6,435	0	6,435
Other Operating Expenses	0	2,627	2,627
	<hr/>		
Total Operating Expenses	426,160	2,627	428,787
	<hr/>		
Operating Income (Loss)	(54,457)	864	(53,593)
<b>NON-OPERATING REVENUES:</b>			
Federal Donated Commodities	7,076	0	7,076
Operating Grants	15,488	0	15,488
	<hr/>		
Total Non-Operating Revenues	22,564	0	22,564
	<hr/>		
Net Income Before Operating Transfers	(31,893)	864	(31,029)
Operating Transfers-In	21,220	0	21,220
	<hr/>		
Net Loss	(10,673)	864	(9,809)
	<hr/>		
Depreciation on Contributed Capital Items	418	0	418
	<hr/>		
Retained Earnings/Fund Balance at Beginning of Year	18,217	56,208	74,425
	<hr/>		
Retained Earnings at End of Year	7,962	57,072	65,034
	<hr/>		
Contributed Capital at Beginning of Year	9,826	0	9,826
Depreciation on Contributed Capital	(418)	0	(418)
	<hr/>		
Contributed Capital at End of Year	9,408	0	9,408
	<hr/>		
<b>Total Fund Equity at End of Year</b>	<b>17,370</b>	<b>57,072</b>	<b>\$74,442</b>

See accompanying Notes to the General Purpose Financial Statements

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Statement of Revenues, Expenses and Changes in**  
**Fund Equity - Budget (Non-GAAP Budget Basis) and Actual**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
Sales	\$365,694	\$371,703	\$6,009
Interest	0	0	0
Gifts and Donations	0	0	0
<b>Total Revenues</b>	<b>365,694</b>	<b>371,703</b>	<b>6,009</b>
<b>EXPENSES:</b>			
Salaries	85,326	85,326	0
Fringe Benefits	25,015	25,015	0
Purchased Services	50,662	50,662	0
Materials and Supplies	255,025	249,363	5,662
Capital Outlay - New	0	0	0
Other Operating Expenses	0	0	0
<b>Total Expenses</b>	<b>416,028</b>	<b>410,366</b>	<b>5,662</b>
Excess of Revenue Over (Under) Expenses	(50,334)	(38,663)	11,671
<b>NON-OPERATING REVENUES</b>			
Federal and State Subsidies	15,550	15,486	64
Operating Transfers-In	21,220	21,220	0
<b>Total Other Non-Operating Revenues</b>	<b>36,770</b>	<b>36,706</b>	<b>64</b>
Excess of Revenues Over (Under) Expenses and Advances	(13,564)	(1,957)	11,607
Fund Equity at Beginning of Year	6,802	6,802	0
Prior Year Encumbrances Appropriated	2,147	2,147	0
<b>Fund Equity at End of Year</b>	<b>(\$4,615)</b>	<b>\$6,992</b>	<b>\$11,607</b>

See accompanying Notes to the General Purpose Financial Statements

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$365,694	\$371,703	\$6,009
1,781	3,021	1,240	1,781	3,021	1,240
1,000	470	(530)	1,000	470	(530)
2,781	3,491	710	368,475	375,194	6,719
0	0	0	85,326	85,326	0
0	0	0	25,015	25,015	0
0	0	0	50,662	50,662	0
0	0	0	255,025	249,363	5,662
0	0	0	0	0	0
4,000	3,127	873	4,000	3,127	873
4,000	3,127	873	420,028	413,493	6,535
(1,219)	364	1,583	(51,553)	(38,299)	13,254
0	0	0	15,550	15,486	64
0	0	0	0	0	0
0	0	0	15,550	15,486	64
(1,219)	364	1,583	(36,003)	(22,813)	13,318
53,208	53,208	0	60,010	60,010	0
3,000	3,000	0	5,147	5,147	0
\$54,989	\$56,572	\$1,583	\$50,374	\$63,564	\$13,190

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT, OHIO**  
**Combined Statement of Cash Flows**  
**All Enterprise Funds and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$371,703	\$0	371,703
Cash Received from Contributions and Donations	0	470	470
Cash Received from Operating Interest	0	3,021	3,021
Cash Payments to Suppliers for Goods and Services	(296,391)	0	(296,391)
Cash Payments to Employees for Services	(85,326)	0	(85,326)
Cash Payments for Employee Benefits	(25,014)	0	(25,014)
Cash Payments for Other Expenses	0	(2,627)	(2,627)
Net Cash Used for Operating Activities	<u>(35,028)</u>	<u>864</u>	<u>(34,164)</u>
<b>Cash Flows from Capital Financing Activities</b>			
Purchase of Fixed Assets	<u>(1,946)</u>	<u>0</u>	<u>(1,946)</u>
Net Cash Used for Capital Financing Activities	<u>(1,946)</u>	<u>0</u>	<u>(1,946)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from:			
Operating Grants	<u>15,488</u>	<u>0</u>	<u>15,488</u>
Operating Transfers-Inc	<u>21,220</u>	<u>0</u>	<u>21,220</u>
Net Cash Provided by Noncapital Financing Activities	<u>36,708</u>	<u>0</u>	<u>36,708</u>
Net Increase in Cash and Cash Equivalents	(266)	864	598
Cash and Cash Equivalents at Beginning of Year	<u>8,947</u>	<u>56,208</u>	<u>65,155</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$8,681</u></u>	<u><u>\$57,072</u></u>	<u><u>\$65,753</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>			
Operating Income (Loss)	(\$54,457)	\$864	(\$53,593)
<b>Adjustments to Reconcile Operating (Income) Loss to Net Cash Used for Operating Activities</b>			
Depreciation	6,435	0	6,435
Donated Commodities Used During Year	7,076	0	7,076
Changes in Assets and Liabilities:	0		
Decrease in Accounts Receivable	0	0	0
Decrease in Inventory Held for Resale	6,977	0	6,977
Increase in Materials and Supplies Inventory	(1,156)	0	(1,156)
Decrease in Accounts Payable	(1,081)	0	(1,081)
Increase in Accrued Wages & Benefits	137	0	137
Increase in Compensated Absences	1,487	0	1,487
Decrease in Intergovernmental Payables	(3)	0	(3)
Decrease in Deferred Revenue	(443)	0	(443)
-	<u>(\$35,028)</u>	<u>\$864</u>	<u>(\$34,164)</u>

**NON-CASH FINANCING ACTIVITIES**

The School District received donated commodities with a fair market value of \$6,633 for the fiscal year ended June 30, 2000.

Reconciliation of Nonexpendable Trust Fund Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$198,075
Less Expendable Trust Fund	(10,804)
Less Agency Funds	<u>(130,199)</u>
Cash and Cash Equivalents-Nonexpendable Trust	<u><u>\$57,072</u></u>

See accompanying Notes to the General Purpose Financial Statements

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
 Statement of Changes in Net Assets  
 External Investment Pool - MAVCA  
 For the Fiscal Year Ended June 30, 2000

REVENUES:	
Interest Income	<u><u>\$0</u></u>
EXPENSES:	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operatio	\$0
Disbributions to Participants	(43,621)
Capital Transactions	<u>0</u>
Total Decrease in Net Assets	(43,621)
Net Assets Beginning of Year	<u>43,621</u>
Net Assets End of Year	<u><u>\$0</u></u>

See accompanying Notes to the General Purpose Financial Statements.



**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The first official body designated as the Penta County Vocational School Board of Education was formed on June 15, 1964. The Penta County Vocational School District (the "School District") is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and 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. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes sixteen member schools including: Anthony Wayne Local School District (Lucas), Benton Carroll Salem Local School District (Ottawa), Bowling Green City School District, Eastwood Local School District (Wood), Elmwood Local School District (Wood), Genoa Local School District (Ottawa), Lake Local School District (Wood), Maumee City School District (Lucas), North Baltimore Local School District (Wood), Northwood Local School District (Wood), Otsego Local School District (Wood), Springfield Local School District (Lucas), Swanton Local School District (Fulton), Perrysburg Exempted Village School District (Wood), Rossford Exempted Village School District (Wood), Woodmore Local School District (Sandusky).

The School District operates under an elected eleven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of one member from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one member from each of the three least populous counties: Fulton, Ottawa, and Sandusky, and two members from each of the two most populous counties: Lucas and Wood.

**Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

The School District is associated with four organizations, two jointly governed organization and two insurance purchasing pools. These organizations are the Northwest Ohio Computer Association (NWOCA), Norther Buckeye Education Council (NBEC), the Ohio School Boards Workers' Compensation Group Rating Plan, and the Wood County Schools Health Insurance Consortium. Information about these organizations is presented in Note 17 of the Notes to the General Purchase Financial Statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**A. Basis of Presentation - Fund Accounting**

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

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

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

**Governmental Fund Types:**

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

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

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

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Type:**

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

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

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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Account Groups:

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

General Fixed Assets Account Group - The General Fixed Assets Account Group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after 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 certain charges for services.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1997 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 1998 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise and nonexpendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. There were no unbilled service charges receivable at year end. The fair market value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting.

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

Advances In and Advances Out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**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 Wood County Budget Commission for rate determination.

**Estimated Resources:**

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

**Appropriations:**

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

The Board may pass supplemental fund appropriations 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.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

**D. Cash and Investments**

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

During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, treasury notes and federal agency securities.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool management 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 at which the investment could be sold June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$228,597.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Restricted Assets:

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by state statute and can be used only after receiving approval from the Ohio Department of Education. A fund balance reserve has also been established.

**E. Inventory**

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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**F. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**G. Intergovernmental Revenues**

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

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

Entitlements

General Fund

State Foundation Program  
Vocational Equipment

Non-Reimbursable Grants

Special Revenue Funds

Career Education  
Professional Development  
Education Management Information Systems  
State Grants  
Adult Basic and Literacy Education  
PIC/JTPA  
Eisenhower Math/Science  
Secondary Perkins Title II-C (Vocational Education)  
Adult Perkins Title II-C (Vocational Education)  
Full Service Center  
Ventures in Business Ownership  
Comprehensive Support Services  
Economic Education  
Title VI  
Goals 2000

Reimbursable Grants

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 31 percent of the School District's operating revenue during the 2000 fiscal year.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**H. Interfund Assets/Liabilities**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension and contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used the use of current available financial resources.

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

**K. Interfund Transactions**

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

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

**L. Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, budget stabilization, and contributions to the nonexpendable trust fund that must be kept intact. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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**M. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided by the School District to proprietary funds and is not subject to repayment. These assets are recorded at their fair market value on the date donated.

Because the School District had not prepared financial statements in accordance with generally accepted accounting principles prior to June 30, 1991, the amount of contributed capital pertaining to years prior to 1991 cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital. At June 30, 2000, the School District had contributed capital of \$9,408 .

**N. Estimates**

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

**O. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

Ohio Revised Code Section 5705.39 states the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation. The following final appropriations exceeded the amended certificate of estimated resources by fund:

JTPA/School-to-Work	\$10,797
Eisenhower Math/Science	2,533
Title VI Innovative Ed	5,329
Food Service	59,879
Adult Education	25,666

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make an expenditure of money unless is has been appropriated. The following funds had expenditures that exceeded appropriations:

Title VI Innovative Ed	\$7,162
Adult Education	5,383

The following individual function levels had expenditures that exceeded appropriations as found on page 6 and 7:

General Fund:	
Regular Instruction	\$14,715
Fiscal	84,613
Operation of Non-Instructional Services	1,882
Operating Transfers Out	15,803
Special Revenue Fund:	
Vocational Instruction	\$ 422
Adult/Continuing Education Instruction	1,288
Administration	2,479



**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds, and as note disclosure in the proprietary fund types and nonexpendable trust funds (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
BUDGET Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses (Per Exhibit III)	(\$463,564)	(\$12,765)	\$169,629	\$798
Revenue and Other Sources Accrual	(44,656)	(107,473)	0	0
Expenditures/Expenses Accrual	405,156	106,562	22,568	0
Encumbrances	<u>500,210</u>	<u>107,698</u>	<u>185,278</u>	<u>0</u>
GAAP Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$397,146</u>	<u>\$94,012</u>	<u>\$377,475</u>	<u>\$798</u>

	NonExpendable	
	<u>Enterprise</u>	<u>Trust</u>
BUDGET Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses (Per Exhibit III)	(\$1,957)	\$364
Revenue and Other Sources Accrual	7,078	0
Expenditures/Expenses Accrual	(17,482)	0
Encumbrances	<u>1,688</u>	<u>500</u>
GAAP Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(\$10,673)</u>	<u>\$864</u>

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**NOTE 5 - CASH AND CASH EQUIVALENTS**

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

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

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

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

Protection of the 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 State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United State;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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;
6. The State Treasurer's investment pool (STAR Ohio); and

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time for a period not to exceed one hundred eighty days.

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 the 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.

*Cash on Hand* At year end, the School District had \$6,920 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Purchase Agreements."

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$2,490,848 and the bank balance was \$2,824,464. Of the bank balance

1. \$700,000 was covered by federal depository insurance or surety bonds; and
2. \$2,124,464 was uninsured, but secured by pooled pledging. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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

	Category <u>1</u>	Category <u>3</u>	Fair Market <u>Value</u>
STAR Ohio	\$ 0	\$0	\$1,036,167
Repurchase Agreement	0	286,693	286,693
Commercial Paper	0	0	0
Banker's Acceptance	0	0	0
U.S. Government Agencies	<u>6,546,058</u>	<u>0</u>	<u>6,546,058</u>
Total	<u>\$6,546,058</u>	<u>\$286,693</u>	<u>\$7,868,918</u>

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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The federal agency securities have maturities ranging from July 2000 through August 2001. The federal agency securities have interest rates ranging from 4.45% and 7.1%.

The classification of cash and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$10,366,686	\$0
Cash on Hand	(6,920)	0
Investments:		
STAR Ohio	(1,036,167)	1,036,167
Repurchase Agreement	(286,693)	286,693
U.S. Government Agencies	<u>(6,546,058)</u>	<u>6,546,058</u>
GASB Statement No. 3	<u>\$2,490,848</u>	<u>\$7,868,918</u>

**NOTE 6 - INVESTMENT POOL**

By statute, the School District serves as fiscal agent for a legally separate entity. The School District pools the monies of this entity with the School District's monies for investment purposes. The School District cannot allocate its investments between the internal and external investment pools. The external investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. The carrying amounts and fair value for both the internal and external investment pools are disclosed in Note 6 to the Notes to the General Purpose Financial Statements. Condensed financial information for the investment pool is as follows:

**Statement of Changes in Net Assets  
For the Fiscal Year Ended June 30, 2000**

Revenues:	
Interest Income (GAAP Interest)	<u>\$0</u>
Expenses:	
Operating Expenses (Cost of Investments)	<u>0</u>
Net Increase in Assets Resulting from Operations	<u>0</u>
Distributions to Participants (Cash Interest)	(43,621)
Capital Transactions	<u>(0)</u>
Total Decrease in Net Assets	(43,621)
Net Assets Beginning of Year	<u>43,621</u>
Net Assets End of Year	<u><u>\$0</u></u>

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 or the prior year, were levied April 1 on assessed value listed as of January 1, the lien date and are collected with real property taxes.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. The County Auditors periodically advance to the School District its portion of the taxes collected.

Second-half real property tax payments collected by each county by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility property taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$590,854 in the General Fund.

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

	1999 Second Half Collections		2000 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$3,059,889,110	74.40%	\$3,467,418,890	75.64%
Public Utility	523,626,400	12.73	524,297,680	11.44
Tangible Personal Property	<u>529,286,294</u>	<u>12.87</u>	<u>592,521,089</u>	<u>12.92</u>
 Total Assessed Value	 <u>\$4,112,801,804</u>	 <u>100.00%</u>	 <u>\$4,584,237,659</u>	 <u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation		 \$2.00		 \$2.00

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of grade cards. A summary of the principle items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
State/Local Funds	\$100,803
Total General Fund	<u>100,803</u>
Special Revenue Fund	
Adult Education-State Funds	31,638
Career Education-Grants Funds	15,955
State Grants	1,500
PIC/JTPA-Grant Funds	16,366
Eisenhower Math/Science	724
Vocational Education-Grant Funds	67,555
Innovative Ed	<u>121</u>
Total Special Revenue Funds	<u>133,859</u>
Total Intergovernmental Receivable	<u><u>\$234,662</u></u>

**NOTE 9 - FIXED ASSETS**

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

Machinery and Equipment	\$128,965
Less Accumulated Depreciation	<u>(105,918)</u>
Fixed Assets Net of Accumulated Depreciation	<u><u>\$23,047</u></u>

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

	<u>Balance at</u> <u>6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/00</u>
Land and Improvements	\$682,709	0	0	\$682,709
Buildings	13,348,573	429,957	0	13,778,530
Furniture and Equipment	5,437,679	536,774	132,190	5,842,263
Vehicles	<u>604,677</u>	<u>163,155</u>	<u>26,089</u>	<u>741,743</u>
Totals	<u><u>\$20,073,638</u></u>	<u><u>\$1,129,886</u></u>	<u><u>\$158,279</u></u>	<u><u>\$21,045,245</u></u>

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property, fleet and inland marine coverage and with Nationwide Insurance for liability insurance.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents-Replacement Cost (\$1,000 deductible)	\$33,621,400
Mechanical Breakdown-Limit of Coverage (\$1,000 deductible)	10,000,000
Crime Coverage	50,000
Electronic Data Processing (\$100 deductible )	1,951,250
Business Automobile	
(\$100 Comprehensive/\$250 Collision Deductibles)	
Combined Single Limit of Liability for Bodily Injury and Property Damage	2,000,000
Uninsured and Underinsured Motorists	2,000,000
Medical Payments	5,000
General Liability	
Each Occurrence Limit	2,000,000
General Aggregate	5,000,000
Fire Damage Limit	100,000
Medical Expense Limit (per person)	5,000

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 16). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Totals savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. Provides administrative, cost control and actuarial services to the Plan.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Penta County Vocational School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's contributions to SERS for the years ending June 30, 2000, 1999, and 1998, were \$227,396, \$197,947, and \$188,747, respectively; ninety percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$22,817 is recorded as a liability within respective funds.

**B. State Teachers Retirement System**

The Penta County Vocational School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a public available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio, 43215-3771, or by calling (614)-227-4090.

STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit, the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by used a base percentage of 2.1% multiplied by the total number of years of service credit ( including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.



**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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A retiree of STRS Ohio or other Ohio public retirement system is eligible for re-employment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the re-employed member and employer during the re-employment. Upon termination of re-employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member.

Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions to STRS for the years ending June 30, 2000, 1999 and 1998 were \$1,266,359, \$1,108,874, and \$1,095,900, respectively; seventy nine percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$268,575 is recorded as a liability within respective funds.

**C. Social Security Tax**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, four board of education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board and SERS'

Retirement Board have discretionary authority over how much, if any, of the health care costs will be absorbed by STRS and SERS Ohio.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999. The Health Care Reserve allocation for the year June 30, 1999, was 2.0% of covered payroll. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the School District, the amount contributed for postemployment benefits equaled \$723,633 during the 2000 fiscal year.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For this fiscal year ending June 30, 1999, employer contributions to fund health care benefits were 6.3% 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 1999, the minimum pay had been established at \$12,400. The surcharge rate 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. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000. For the School District, the amount contributed for post-employment benefits equaled \$112,698 during the 2000 fiscal year.

**NOTE 13 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrative support staff earn ten to twenty days of vacation per year, depending upon length of service. Administrators (supervisors, directors, superintendent and treasurer) earn twenty one days of vacation per year. Accumulated, unused vacation time is paid upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred sixty five days for teachers, administrators and administrative support staff, and two hundred sixty days for classified employees. Upon retirement, a severance payment is made which is equal to compensation of one fourth of accrued, but unused sick leave credit to a maximum of sixty six and one-fourth days for teachers, administrators and administrative support staff, and classified employees.

**B. Health Care Benefits**

The School District offers life insurance and accidental death and dismemberment insurance to most employees through CoreSource. The School District has elected to offer employee medical/surgical and dental benefits through the Wood County Schools Health Insurance Consortium, administered by CoreSource and United Concordia Companies, Inc. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

**NOTE 14 - INTERFUND TRANSACTIONS**

Interfund balances as of June 30, 2000, consist of the following individual fund receivables and payables:

Interfund Receivables/Payables

	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$104,094</u>	\$0
Special Revenue Funds:		
Career Education	0	15,955
Miscellaneous State Grants		1,500
PIC/JTPA Grant		22,324
Eisenhower Math/Science		724
Vocational Education		63,470
Title VI		<u>121</u>
Total Special Revenue	<u>0</u>	<u>104,094</u>
Total	<u>\$104,094</u>	<u>\$104,094</u>

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Penta County Vocational School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$309,504	\$62,199	\$371,703
Operating Expenses			
Less Depreciation	359,559	60,166	419,725
Depreciation Expense	6,435	0	6,435
Operating Income (Loss)	(56,490)	2,033	(54,457)
Donated Commodities	7,076	0	7,076
Operating Grants	15,488	0	15,488
Net Income (Loss)	(12,706)	2,033	(10,673)
Net Working Capital	2,558	8,235	10,793
Total Assets	27,848	8,681	36,529
Total Equity	9,135	8,235	17,370
Encumbrances Outstanding at June 30, 2000	\$0	\$1,688	\$1,688

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Computer Association

Beginning January 1, 1999, the School District became a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

**Penta County Vocational School District**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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The NWOCA Assembly consists of the superintendent from each participating school district. The assembly elects a Council which consists of two representatives from each county. The degree of control exercised by any participating school district is limited to its representation on the Council. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry and Williams Counties. Action taken by members of the NBEC in 1998 expanded membership to schools in Lucas and Wood Counties. NBEC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**NOTE 17 - INSURANCE PURCHASING POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Wood County Schools Health Insurance Consortium

The Wood County Schools Health Insurance Consortium (the Consortium) is a public entity shared risk pool consisting of six local school districts, three city or exempted village school districts, one vocational school district, and the educational service center. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and other benefits to the employees of the participating entities. Dental benefits are provided to the consortium through an insurance purchasing pool. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington National Bank, concerning aspects of the Consortium.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Elaine Shafley, CoreSource, PO Box 6118, Westerville, Ohio, 43081-1014.

**NOTE 18 - LONG-TERM OBLIGATIONS**

The change during fiscal year 2000 in the School District's compensated absences liability reported in the GLTOAG was an increase of \$37,086 from \$1,667,538 to \$1,704,624. Intergovernmental payables decreased \$1,174 from \$7,532 to \$6,358. Compensated absences and intergovernmental payables will be paid from the fund from which the employees' salaries are paid.

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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**NOTE 19 - SIGNIFICANT CONTRACTUAL OBLIGATIONS**

The School District has several continuing contracts with construction contractors. Of the total amounts authorized by the Board of Education, the following amounts remain unspent from the Capital Projects Fund, as of June 30, 2000:

<u>Vendor</u>	<u>Original Contract</u>	<u>Expended to Date</u>	<u>Balance Remaining</u>
Comte Construction Co.	178,800	0	178,800
Totals	<u>\$178,800</u>	<u>\$ 0</u>	<u>\$178,800</u>

**NOTE 20 - OPERATING LEASES**

The School District has entered into an operating lease agreement for copiers. This agreement is, in substance, a rental agreement (operating leases), and are classified as operating lease rental payments in the financial statements. The following summarizes future minimum lease payments under the operating lease at June 30, 2000:

<u>Fiscal Year Ending 6/30</u>	<u>Payments</u>
2001	\$27,359
2002	24,452
2003	17,250

**NOTE 21 - SCHOOL FOUNDATION PROGRAM**

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 School District received \$6,215,959 of school foundation support for its general fund.

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 warrant 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.

**Penta County Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

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**NOTE 22 - SET-ASIDE REQUIREMENTS**

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$291,034	\$291,034
Current Year Set-Aside Requirements	385,037	385,037	45,896	815,970
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>(385,037)</u>	<u>(385,037)</u>	<u>0</u>	<u>(770,074)</u>
Balance June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$336,930</u>	<u>\$336,930</u>
Total Restricted Assets				<u>\$336,930</u>

**NOTE 23- CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<b>FEDERAL GRANTOR Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>Program or Award Amount</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through State Department of Education</i>			
Ventures in Business Ownership	84.048	VESP-VBO99	41,000
Ventures in Business Ownership	84.048	VESP-VBO98	39,000
Ventures in Business Ownership	84.048	VESP-VBO00	30,000
VEA-II Funds (Secondary)	84.048	CP II-S99	314,205
VEA-II Funds (Adult)	84.048	CP II-A99	47,010
VEA-II Funds (Secondary)	84.048	CP II-S00	341,705
VEA-II Funds (Adult)	84.048	CP II-A00	47,679
Total			
Adult Basic Education - FY 2000	84.002	AB-S1-00	104,536
Adult Basic Education - FY 1998	84.002	AB-S1-98	15,262
Adult Basic Education - FY 1999	84.002	AB-S1-99	21,486
Total			
Title VI-Innovative Ed.- FY 1998	84.298	C2-S1-98	5,657
Title VI-Innovative Ed.- FY 2000	84.298	C2-S1-00	7,674
Title VI-Innovative Ed.- FY 1999	84.298	C2-S1-99	6,040
Total			
Math/Science Subsidy - FY 1999	84.281	MS-S1-98	3,463
Math/Science Subsidy - FY 2000	84.281	MS-S1-99	3,898
Math/Science Subsidy - FY 2001	84.281	MS-S1-00	3,648
Total			
Supplemental. Ed Opportunity Grant	84.007	P007A88396	5,763
Pell Grant	84.049	1340946365AI	59,463
Goals 2000 Entry Year Projects	84.276	G2-53-2000	28,000
TOTAL - Department of Education			
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through State Department of Education</i>			
Food Distribution (Commodities)	10.550 (Nutrition Cluster)		-
National School Lunch Program	10.555 (Nutrition Cluster)		-
TOTAL - Department of Agriculture			
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through State Department of Health and Human Services</i>			
Job Contract	93.561		-
<b>UNITED STATES DEPARTMENT OF LABOR</b>			
<i>Passed through Toledo Private Industry Council</i>			
JTPA 8% Education Coordination	17.249	105-28-99	70,290
Job Training Partnership Act	17.249	105-28-98	73,000
TOTAL -Department of Labor			
<b>TOTAL FEDERAL ASSISTANCE</b>			

<u>CASH BALANCE 7/1/99</u>	<u>RECEIPTS</u>	<u>ADVANCE IN (OUT)</u>	<u>DISBURSEMENTS</u>	<u>CASH BALANCE 6/30/00</u>
\$ 4,585	\$ 6,150	(6,150)	\$ 4,585	\$ -
-	475	(475)	-	-
-	25,500	1,085	25,690	895
32,237	47,131	(49,125)	30,243	-
1,680	7,052	(7,052)	1,680	-
-	290,449	51,256	314,297	27,408
-	40,527	7,152	47,168	511
<u>38,502</u>	<u>417,284</u>	<u>(3,309)</u>	<u>423,663</u>	<u>28,814</u>
-	104,536	-	104,536	-
-	15,263	-	15,263	-
-	21,485	-	21,485	-
<u>-</u>	<u>141,284</u>	<u>-</u>	<u>141,284</u>	<u>-</u>
2,450	-	-	2,450	-
-	2,303	-	2,303	-
3,289	1,065	-	4,354	-
<u>5,739</u>	<u>3,368</u>	<u>-</u>	<u>9,107</u>	<u>-</u>
3,130	-	-	3,130	-
3,898	-	-	1,127	2,771
-	1,094	724	-	1,818
<u>7,028</u>	<u>1,094</u>	<u>724</u>	<u>4,257</u>	<u>4,589</u>
-	4,420	-	4,420	-
40	59,279	-	58,750	569
-	28,000	-	16,300	11,700
51,309	654,729	(2,585)	657,781	45,672
-	6,634	-	6,634	-
-	22,532	-	22,532	-
-	29,166	-	29,166	-
<u>18,139</u>	<u>-</u>	<u>-</u>	<u>18,139</u>	<u>-</u>
-	36,643	22,323	51,787	7,179
-	11,096	(6,242)	4,854	-
-	47,739	16,081	56,641	7,179
<u>\$69,448</u>	<u>\$731,634</u>	<u>\$13,496</u>	<u>\$761,727</u>	<u>\$52,851</u>



**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
SUPPLEMENTAL SCHEDULE**

**ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE II  
FOR THE FISCAL YEAR ENDING, JUNE 30, 2000**

<u>CONTRACT NUMBER/COST CENTER</u>	<u>ALLOCATION</u>	<u>ADMINISTRATION MAXIMUM 20%</u>	<u>DIRECT TRAINING MINIMUM 50%</u>	<u>TRAINING RELATED &amp; SUPPORTIVE SERVICES MAXIMUM 30%</u>
<b>Contract 105-28-99:</b>	\$70,290	\$10,665	\$38,961	\$20,664
Expenditures:				
Expenditures 7/1/99 to 6/30/00	<u>60,388</u>	<u>8,743</u>	<u>38,961</u>	<u>12,684</u>
Unexpended Funds	<u>\$9,902</u>	<u>\$ 1,922</u>	<u>\$ -</u>	<u>\$ 9,980</u>
Percentage of Allocation	85.9%	14.5%	64.5 %	21.0%

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
SUPPLEMENTAL SCHEDULE**

**SCHEDULE OF VARIANCES  
FOR THE YEAR ENDING, JUNE 30, 2000**

<u>TITLE II</u>	<u>PRIVATE INDUSTRY COUNCIL</u>	<u>AUDIT REPORT</u>	<u>VARIANCES</u>
105-28-99	\$60,388	\$60,388	\$ -

**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

(1) Scope of Audit:

The Penta County 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. Penta County Vocational School is a local school district created under provisions of Section 3311.03 of the Ohio Revised Code. The district is operated under an elected board of education consisting of five members. The school district provides public education to residents of the district.

The district received a significant amount of Federal Program funds from the United States Department of Education pass-through the Ohio Department of Education, the U. S. Department of Agriculture pass-through the Ohio Department of Education, and the U. S. Department of Agriculture.

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2000.

(2) Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards has been prepared in conformity with requirements of Circular A-133 which requires that at least expenditures be shown in the schedule. The schedule has been prepared on the cash basis of accounting, except expenditures of assistance passed through the Toledo Private Industry Council Job Training Partnership Programs are presented on an accrual basis.

Some Federal Revenue was received on a reimbursement basis. Expenditures were commingled with other fund monies and could not be segregated by source. An assumption was made that federal expenditures, therefore, equaled federal receipts. Certain Federal Programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

# **REICHERT & ASSOCIATES, CPA'S**

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

Board of Education  
Penta County Vocational School District

We have audited the financial statements of Penta County Vocational School District as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. 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 Penta County Vocational School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Penta County Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Penta County Vocational School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 00-1.

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 in a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting over financial reporting that might be material weaknesses. We noted one condition involving the internal control over financial reporting and its operation that we consider to be a material weakness. This is described in the Schedule of Findings as item 00-1. Also we noted other matters involving the internal control over financial reporting that we have reported to management of Penta County Vocational School District in a separate letter dated December 1, 2000.

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

December 1, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA'S**  
CERTIFIED PUBLIC ACCOUNTANTS

# REICHERT & ASSOCIATES, CPA'S

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

Board of Education  
Penta County Vocational School District

### Compliance

We have audited the compliance of Penta County Vocational School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2000. Penta County Vocational School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility Penta County Vocational School 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Penta County Vocational School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Penta County Vocational School District's compliance with those requirements.

In our opinion, Penta County 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 fiscal year ended June 30, 2000.

### Internal Control Over Compliance

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

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

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

December 1, 2000  
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S  
CERTIFIED PUBLIC ACCOUNTANTS

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**Findings 00-1 Material Weakness**

**Adult Education Accounts Receivable System**

Our review of the Adult Education Accounts Receivable internal controls established by the department disclosed the following:

No reconciliation process has been performed by the department over tuition billings, collections, adjustments and accounts receivable on a monthly basis.

No approvals were obtained for adjustments made to the student accounts for dropping courses, correction of errors or bad debt write-offs.

The department has no policy dealing with write-off of uncollectible accounts.

No written policies involving segregation of duties have been established by the department between the procedures of preparing the monthly tuition bills, collection of tuition payments, deposits, or the recording of payments and updating the master files.

These weaknesses could result in errors or irregularities in the tuition billing and collection process going undetected by management. Cash can be taken and not be discovered.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

STATUS OF PRIOR AUDIT'S  
FINDINGS, CITATIONS, RECOMMENDATIONS AND QUESTIONED COSTS

The prior audit report for the period ending June 30, 1999 did not include any citations but did include two reportable conditions that were considered material weaknesses.

**Findings For Recovery:**

None Issued

**Citations**

None Issued

<b><u>Reportable Condition:</u></b>	<b><u>Status</u></b>	<b><u>Explanation if not fully Implemented</u></b>
99-1 Adult Education Accounts Receivable System	Partially Corrected	A new computer system was installed in the middle of the fiscal year. Reconciliations have begun this fiscal year. Also, some reports such as monthly trial balance could not be prepared.
99-2 Central Stores	Corrected	N/A



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PENTA COUNTY VOCATIONAL SCHOOL DISTRICT**

**WOOD 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 16, 2001**