



**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Warren County Vocational School District  
Warren County  
3525 North State Route 48  
Lebanon, Ohio 45036

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Warren County Vocational School District, Warren County, Ohio (the 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Warren County Vocational School District, Warren County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 11, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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.

**Jim Petro**  
Auditor of State

December 11, 2000

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**Warren County Vocational School District  
Warren County**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><u>Assets and Other Debits:</u></b>			
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$2,276,943	\$160,544	\$407,384
Receivables:			
Taxes	4,788,264	0	0
Accounts	3,312	0	0
Intergovernmental	8,730	0	0
Accrued Interest	1,197	0	0
Interfund Receivable	789,196	0	0
Prepaid Items	6,520	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	128,659	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
 <b><u>Other Debits:</u></b>			
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0
 Total Assets and Other Debits	\$8,002,821	\$160,544	\$407,384



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$234,258	\$366,532	\$39,531	\$0	\$0	\$3,485,192
0	0	0	0	0	4,788,264
53,987	6,538	0	0	0	63,837
28,872	0	0	0	0	37,602
0	0	0	0	0	1,197
0	0	0	0	0	789,196
0	0	0	0	0	6,520
0	0	0	0	0	128,659
5,027	0	0	0	0	5,027
1,454	0	0	0	0	1,454
0	0	0	11,774,323	0	11,774,323
0	0	0	0	1,172,444	1,172,444
<u>\$323,598</u>	<u>\$373,070</u>	<u>\$39,531</u>	<u>\$11,774,323</u>	<u>\$1,172,444</u>	<u>\$22,253,715</u>

(Continued)

**Warren County Vocational School District  
Warren County**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(Continued)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><u>Liabilities.</u></b>			
<b><u>Fund Equity and Other Credits:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	\$122,891	\$5,196	\$0
Accrued Wages	572,133	37,334	0
Compensated Absences Payable	17,620	717	0
Interfund Payable	0	139,455	0
Intergovernmental Payable	99,338	6,444	0
Deferred Revenue	4,416,040	0	0
Undistributed Monies	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
	5,228,022	189,146	0
<b><u>Fund Equity and Other Credits:</u></b>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	102,285	45,442	12,254
Reserved for Property Taxes	377,073	0	0
Reserved for Budget Stabilization	128,659	0	0
Unreserved:			
Undesignated (Deficit)	2,166,782	(74,044)	395,130
	2,774,799	(28,602)	407,384
Total Fund Equity (Deficit) and Other Credits	2,774,799	(28,602)	407,384
Total Liabilities, Fund Equity and Other Credits	\$8,002,821	\$160,544	\$407,384

See accompanying notes to the general-purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$676	\$238	\$0	\$0	\$0	\$129,001
48,073	0	0	0	0	657,540
20,359	0	0	0	445,664	484,360
638,988	0	10,753	0	0	789,196
11,017	0	0	0	3,525	120,324
3,618	0	0	0	0	4,419,658
0	0	28,778	0	0	28,778
0	35,674	0	0	0	35,674
0	0	0	0	723,255	723,255
<u>722,731</u>	<u>35,912</u>	<u>39,531</u>	<u>0</u>	<u>1,172,444</u>	<u>7,387,786</u>
0	0	0	11,774,323	0	11,774,323
1,425	0	0	0	0	1,425
(400,558)	337,158	0	0	0	(63,400)
0	0	0	0	0	159,981
0	0	0	0	0	377,073
0	0	0	0	0	128,659
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,487,868</u>
<u>(399,133)</u>	<u>337,158</u>	<u>0</u>	<u>11,774,323</u>	<u>0</u>	<u>14,865,929</u>
<u>\$323,598</u>	<u>\$373,070</u>	<u>\$39,531</u>	<u>\$11,774,323</u>	<u>\$1,172,444</u>	<u>\$22,253,715</u>

*Warren County Vocational School District  
Warren County*

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b><u>Revenues:</u></b>					
Taxes	\$4,646,653	\$0	\$0	\$0	\$4,646,653
Intergovernmental	3,314,003	541,380	0	0	3,855,383
Interest	172,182	0	0	20,276	192,458
Tuition and Fees	2,964	0	0	0	2,964
Rent	12,804	0	0	0	12,804
Gifts and Donations	5,279	0	0	0	5,279
Customer Services	93,136	0	0	0	93,136
Revenue in Lieu of Taxes	17,270	0	0	0	17,270
Miscellaneous	54,798	13,281	0	0	68,079
<b>Total Revenues</b>	<b>8,319,089</b>	<b>554,661</b>	<b>0</b>	<b>20,276</b>	<b>8,894,026</b>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	171,588	0	0	0	171,588
Special	22,982	0	0	0	22,982
Vocational	3,937,517	192,158	0	0	4,129,675
Adult/Continuing	162	127,399	0	0	127,561
Other	675	0	0	0	675
Support Services:					
Pupils	848,724	65,087	0	0	913,811
Instructional Staff	553,873	146,324	0	0	700,197
Board of Education	98,347	0	0	0	98,347
Administration	630,890	7,729	0	0	638,619
Fiscal	345,569	5,000	0	0	350,569
Business	57,070	0	0	0	57,070
Operation and Maintenance of Plant	1,002,379	0	0	0	1,002,379
Pupil Transportation	54,470	203	0	0	54,673
Central	22,074	30,179	0	0	52,253
Operation of Non-Instructional Services					
Extracurricular Activities	18,497	0	0	0	18,497
Capital Outlay	47,214	0	0	0	47,214
Debt Service:	1,230,345	0	0	277,521	1,507,866
Principal Retirement	176,222	0	114,000	0	290,222
Interest and Fiscal Charges	0	0	5,368	0	5,368
<b>Total Expenditures</b>	<b>9,218,598</b>	<b>574,079</b>	<b>119,368</b>	<b>277,521</b>	<b>10,189,566</b>
Excess of Revenues Under Expenditures	(899,509)	(19,418)	(119,368)	(257,245)	(1,295,540)
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from Sale of Fixed Assets	9,305	0	0	0	9,305
Inception of Capital Lease	899,477	0	0	0	899,477
Operating Transfers In	809,436	13,812	119,368	265,053	1,207,669
Operating Transfers Out	(1,347,727)	(13,812)	0	0	(1,361,539)
<b>Total Other Financing Sources (Uses)</b>	<b>370,491</b>	<b>0</b>	<b>119,368</b>	<b>265,053</b>	<b>754,912</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(529,018)	(19,418)	0	7,808	(540,628)
Fund Balances (Deficit) at Beginning of Year	3,303,817	(9,184)	0	399,576	3,694,209
Fund Balances (Deficit) at End of Year	<u>\$2,774,799</u>	<u>(\$28,602)</u>	<u>\$0</u>	<u>\$407,384</u>	<u>\$3,153,581</u>

See accompanying notes to the general-purpose financial statements

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**Warren County Vocational School District  
Warren County**

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Taxes	\$4,455,105	\$4,455,105	\$0	\$0	\$0	\$0
Intergovernmental	3,241,906	3,314,003	72,097	643,129	545,772	(97,357)
Interest	173,457	173,457	0	0	0	0
Tuition and Fees	7,855	7,855	0	0	0	0
Rent	14,614	14,614	0	0	0	0
Gifts and Donations	5,279	5,279	0	0	0	0
Customer Services	86,176	86,176	0	0	0	0
Revenue in Lieu of Taxes	17,270	17,270	0	0	0	0
Miscellaneous	42,705	42,705	0	23,281	13,281	(10,000)
<b>Total Revenues</b>	<b>8,044,367</b>	<b>8,116,464</b>	<b>72,097</b>	<b>666,410</b>	<b>559,053</b>	<b>(107,357)</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	182,849	182,849	0	0	0	0
Special	16,529	16,529	0	0	0	0
Vocational	4,084,407	4,084,407	0	248,758	238,475	10,283
Adult/Continuing	162	162	0	159,931	128,792	31,139
Support Services:						
Pupils	839,468	839,468	0	76,474	73,418	3,056
Instructional Staff	554,654	554,654	0	175,599	146,591	29,008
Board of Education	104,026	104,026	0	0	0	0
Administration	623,243	623,243	0	11,871	7,729	4,142
Fiscal	344,014	344,014	0	5,000	5,000	0
Business	53,917	53,917	0	0	0	0
Operation and Maintenance of Plant	1,021,801	1,021,801	0	0	0	0
Pupil Transportation	58,356	58,356	0	302	203	99
Central	22,175	22,175	0	40,134	40,134	0
Operation of Non-Instructional Services						
Extracurricular Activities	19,797	19,797	0	3,000	0	3,000
Capital Outlay	40,026	40,026	0	0	0	0
Capital Outlay	371,808	371,808	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>8,337,232</b>	<b>8,337,232</b>	<b>0</b>	<b>721,069</b>	<b>640,342</b>	<b>80,727</b>
Excess of Revenues Under Expenditures	(292,865)	(220,768)	72,097	(54,659)	(81,289)	(26,630)
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Sale of Fixed Assets	9,305	9,305	0	0	0	0
Refund of Prior Year Expenditures	13,429	13,429	0	0	0	0
Advances In	22,865	522,865	500,000	10,001	209,099	199,098
Advances Out	(1,031,275)	(1,039,980)	(8,705)	0	(114,641)	(114,641)
Operating Transfers In	9,436	809,436	800,000	13,812	13,812	0
Operating Transfers Out	(1,347,727)	(1,347,727)	0	(13,812)	(13,812)	0
Refund of Prior Year Receipts	(6,369)	(6,369)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,330,336)</b>	<b>(1,039,041)</b>	<b>1,291,295</b>	<b>10,001</b>	<b>94,458</b>	<b>84,457</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,623,201)	(1,259,809)	1,363,392	(44,658)	13,169	57,827
Fund Balances at Beginning of Year	3,199,110	3,199,110	0	70,276	70,276	0
Prior Year Encumbrances Appropriated	260,070	260,070	0	26,461	26,461	0
<b>Fund Balances at End of Year</b>	<b>\$835,979</b>	<b>\$2,199,371</b>	<b>\$1,363,392</b>	<b>\$52,079</b>	<b>\$109,906</b>	<b>\$57,827</b>

See accompanying notes to the general-purpose financial statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	18,000	20,276	2,276
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	18,000	20,276	2,276
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	26,644	26,644	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	272,539	272,539	0
114,000	114,000	0	0	0	0
5,368	5,368	0	0	0	0
119,368	119,368	0	299,183	299,183	0
(119,368)	(119,368)	0	(281,183)	(278,907)	2,276
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
119,368	119,368	0	265,053	265,053	0
0	0	0	0	0	0
0	0	0	0	0	0
119,368	119,368	0	265,053	265,053	0
0	0	0	(16,130)	(13,854)	2,276
0	0	0	390,098	390,098	0
0	0	0	18,886	18,886	0
\$0	\$0	\$0	\$392,854	\$395,130	\$2,276

**Warren County Vocational School District  
Warren County**

**Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b><u>Operating Revenues:</u></b>			
Tuition	\$365,776	\$0	\$365,776
Sales	205,496	0	205,496
Charges for Services	164,955	349,661	514,616
Other Revenues	0	1,279	1,279
Total Operating Revenues	<u>736,227</u>	<u>350,940</u>	<u>1,087,167</u>
<b><u>Operating Expenses:</u></b>			
Salaries	736,674	0	736,674
Fringe Benefits	179,533	0	179,533
Purchased Services	294,744	85,720	380,464
Materials and Supplies	166,286	0	166,286
Cost of Sales	63,662	0	63,662
Depreciation	148	0	148
Claims	0	328,687	328,687
Other	3,201	0	3,201
Total Operating Expenses	<u>1,444,248</u>	<u>414,407</u>	<u>1,858,655</u>
Operating Loss	<u>(708,021)</u>	<u>(63,467)</u>	<u>(771,488)</u>
<b><u>Non-Operating Revenues:</u></b>			
Federal Donated Commodities	9,424	0	9,424
Federal and State Subsidies	296,085	0	296,085
Interest	0	18,758	18,758
Other	5,248	0	5,248
Total Non-Operating Revenues	<u>310,757</u>	<u>18,758</u>	<u>329,515</u>
Loss Before			
Operating Transfers	(397,264)	(44,709)	(441,973)
Operating Transfers In	164,950	0	164,950
Operating Transfers Out	<u>(11,080)</u>	<u>0</u>	<u>(11,080)</u>
Net Loss	(243,394)	(44,709)	(288,103)
Retained Earnings (Deficit) at Beginning of Year	<u>(157,164)</u>	<u>381,867</u>	<u>224,703</u>
Retained Earnings (Deficit) at End of Year	(400,558)	337,158	(63,400)
Contributed Capital at Beginning and End of Year	<u>1,425</u>	<u>0</u>	<u>1,425</u>
Fund Equity (Deficit) at End of Year	<u><u>(\$399,133)</u></u>	<u><u>\$337,158</u></u>	<u><u>(\$61,975)</u></u>

See accompanying notes to the general-purpose financial statements



**Warren County Vocational School District  
Warren County**

**Combined Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds			Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Tuition	\$386,602	\$386,602	\$0	\$0	\$0	\$0
Sales	188,029	188,029	0	0	0	0
Charges for Services	170,230	170,230	0	347,490	349,661	2,171
Interest	0	0	0	19,086	19,086	0
Other Revenues	5,248	5,248	0	1,279	1,279	0
Federal and State Subsidies	268,888	268,888	0	0	0	0
<b>Total Revenues</b>	<b>1,018,997</b>	<b>1,018,997</b>	<b>0</b>	<b>367,855</b>	<b>370,026</b>	<b>2,171</b>
<b><u>Expenses:</u></b>						
Salaries	710,721	710,721	0	0	0	0
Fringe Benefits	175,112	176,226	(1,114)	0	0	0
Purchased Services	299,237	299,237	0	86,805	86,805	0
Materials and Supplies	209,799	209,799	0	0	0	0
Capital Outlay	17,334	17,334	0	0	0	0
Other	2,104	3,627	(1,523)	334,801	334,801	0
<b>Total Expenses</b>	<b>1,414,307</b>	<b>1,416,944</b>	<b>(2,637)</b>	<b>421,606</b>	<b>421,606</b>	<b>0</b>
Excess of Revenues Under Expenses	(395,310)	(397,947)	(2,637)	(53,751)	(51,580)	2,171
Advances In	711,045	798,201	87,156	0	0	0
Advances Out	(59,114)	(383,113)	(323,999)	0	0	0
Operating Transfers In	77,794	164,950	87,156	0	0	0
Operating Transfers Out	(11,080)	(11,080)	0	0	0	0
<b>Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers</b>	<b>323,335</b>	<b>171,011</b>	<b>(152,324)</b>	<b>(53,751)</b>	<b>(51,580)</b>	<b>2,171</b>
Fund Equity at Beginning of Year	42,782	42,782	0	416,790	416,790	0
Prior Year Encumbrances Appropriated	9,629	9,629	0	0	0	0
<b>Fund Equity at End of Year</b>	<b>\$375,746</b>	<b>\$223,422</b>	<b>(\$152,324)</b>	<b>\$363,039</b>	<b>\$365,210</b>	<b>\$2,171</b>

See accompanying notes to the general-purpose financial statements

**Warren County Vocational School District  
Warren County**

**Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$358,259	\$0	\$358,259
Cash Received from Tuition Payments	386,602	0	386,602
Cash Received from Quasi-External Transactions With Other Funds	0	349,661	349,661
Cash Received from Other Operating Sources	0	1,279	1,279
Cash Payments to Suppliers for Goods and Services	(515,959)	(85,483)	(601,442)
Cash Payments to Employees for Services	(710,721)	0	(710,721)
Cash Payments for Employee Benefits	(176,226)	0	(176,226)
Cash Payments for Claims	0	(328,263)	(328,263)
Cash Payments for Other Operating Expenses	(3,202)	(6,538)	(9,740)
Other Non-Operating Revenues	5,248	0	5,248
Net Cash Used for Operating Activities	<u>(655,999)</u>	<u>(69,344)</u>	<u>(725,343)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	268,888	0	268,888
Operating Transfers In	164,950	0	164,950
Operating Transfers Out	(11,080)	0	(11,080)
Short-Term Loans from Other Funds	798,201	0	798,201
Repayment of Short-Term Loans from Other Funds	<u>(383,113)</u>	<u>0</u>	<u>(383,113)</u>
Net Cash Provided by Noncapital Financing Activities	<u>837,846</u>	<u>0</u>	<u>837,846</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest on Investments	<u>0</u>	<u>19,086</u>	<u>19,086</u>
Net Increase (Decrease) in Cash and Cash Equivalents	181,847	(50,258)	131,589
Cash and Cash Equivalents at Beginning of Year	<u>52,411</u>	<u>416,790</u>	<u>469,201</u>
Cash and Cash Equivalents at End of Year	<u><u>\$234,258</u></u>	<u><u>\$366,532</u></u>	<u><u>\$600,790</u></u>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Operating Loss	<u>(\$695,585)</u>	<u>(\$63,467)</u>	<u>(\$759,052)</u>
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Depreciation	148	0	148
Donated Commodities Used During Year	9,424	0	9,424
Other Non-Operating Revenues	5,248	0	5,248
<b><u>Changes in Assets and Liabilities:</u></b>			
Increase in Accounts Receivable	(16,403)	(6,539)	(22,942)
Decrease in Intergovernmental Receivable	18,416	0	18,416
Decrease in Inventory Held for Resale	1,188	0	1,188
Increase in Materials and Supplies Inventory	(1,454)	0	(1,454)
Increase/(Decrease) in Accounts Payable	(738)	238	(500)
Increase in Accrued Wages	8,127	0	8,127
Increase in Compensated Absences Payable	14,140	0	14,140
Increase in Intergovernmental Payable	1,490	0	1,490
Increase in Claims Payable	0	424	424
Total Adjustments	<u>39,586</u>	<u>(5,877)</u>	<u>33,709</u>
Net Cash Used for Operating Activities	<u><u>(\$655,999)</u></u>	<u><u>(\$69,344)</u></u>	<u><u>(\$725,343)</u></u>

See accompanying notes to the general-purpose financial statements

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Warren County Vocational School District (the "School District") is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board of Education. The Board of Education is not directly elected. The Board of Education is comprised of members of other elected boards who, by charter, also serve as board members of the Warren County Vocational School District. None of the school districts that appoint Board members are financially accountable for the School District nor do any appoint a voting majority of the Board.

The School District employs 92 certified and 35 classified staff members who serve approximately 622 secondary students and 4,114 adult students. A vocational school exposes high school and adult students to academic preparation and job training which leads to employment and/or further education upon graduation from high school.

**Reporting Entity**

The reporting entity consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Warren County Vocational School District, this includes general operations, food service, adult education, preschool 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 organizations'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 organizations; 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 has no component units.

The School District is associated with two organizations, one jointly governed organization and one insurance purchasing pool. These organizations are the Southwest Ohio Computer Association and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan. These organizations are discussed in Notes 17 and 18 to the general-purpose financial statements.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

The financial statements of the Warren 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.

**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) 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.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

Proprietary Fund Types:

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 are the School District's proprietary fund types:

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

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Type:

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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

All proprietary 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. Proprietary funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, accounts (tuition and student fees), charges for services, grants and investment earnings.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Because the activity of agency funds is not budgeted, advances-in and advances-out do not equal on a budgetary basis by \$7,569 due to an advance from the general fund to the pell grant and student activities agency funds for \$7,556 and \$1,813, respectively, and an advance from the student activities agency fund for \$1,800 to the general fund.

**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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 Warren County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing 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 any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the 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 is legally enacted by the Board of Education at the fund 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 must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the budget approved by the State Department of Education. During the fiscal year, one supplemental appropriation was legally enacted. It contained significant modifications.

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 by the Board of Education during the year for all funds at the object level, other than agency funds, consistent with statutory provisions.



**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT**  
**WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**  
*(Continued)*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents/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 School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

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

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 \$172,182 which includes \$33,304 assigned from other School District funds. The Capital Projects Funds and Internal Service Funds also received interest revenue in the amounts of \$20,276 and \$18,758, respectively.

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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Inventory**

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

**F. Prepaid Items**

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

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 two 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 capitalized and 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 fund types is computed using the straight-line method over an estimated useful life of five years.

**H. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief Program

Non-Reimbursable Grants

Special Revenue Funds

- Vocational Education
- Title VI
- Consumer Education Grant
- Professional Development Block Grant
- School-To-Work Grants
- Eisenhower Grant
- Carl D. Perkins
- Preschool
- Educational Management Information System
- Career Development

Agency Funds

- Pell Grants

Reimbursable Grants

General Fund

- Vocational Education Equipment - Matching Funds
- Adult Basic Literacy Education

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 43 percent of governmental fund revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT**  
**WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**  
*(Continued)*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after 20 years of current service with the School District. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as 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 year end are considered not to have used current available financial resources. Capital leases payable are reported as a liability of the general long-term obligations account group until due.

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

**L. Interfund Transactions**

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

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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. Fund Balance Reserves**

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

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

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**O. Contributed Capital**

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1991, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. contributed resources is expensed and closed to unreserved retained earnings at year end.

**P. Estimates**

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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Q. Total Columns on General-Purpose Financial Statements**

Total columns on the general-purpose financial statements are captioned “Totals - (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, 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 - BUDGETARY BASIS OF ACCOUNTING**

**Budgetary Basis of Accounting:**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

	General	Special Revenue	Capital Projects
GAAP Basis	(\$529,018)	(\$19,418)	\$7,808
Revenue Accruals	(189,196)	4,392	0
Expenditure Accruals	181,751	(15,625)	(9,408)
Encumbrances	(206,231)	(50,638)	(12,254)
Advances	(517,115)	94,458	0
Budget Basis	(\$1,259,809)	\$13,169	(\$13,854)

Net Loss/Excess of Revenues Over (Under)  
Expenses, Advances and Operating Transfers  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$243,394)	(\$44,709)
Revenue Accruals	(18,563)	328
Expense Accruals	28,568	(5,877)
Depreciation Expense	148	0
Encumbrances	(10,836)	(1,322)
Advances	415,088	0
Budget Basis	\$171,011	(\$51,580)

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2000, the following had deficit fund balances/retained earnings:

<u>Special Revenue Funds</u>	
Adult Basic and Literacy	\$2,144
Vocational Education Planning District	18,072
Career Development	7,710
Title VI	2,244
Adult Basic Literacy Education	30,434
<u>Enterprise Funds</u>	
Lunchroom	5,188
Adult Education	429,858

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. The School District is monitoring the sales in the food service fund and tracking the fees collected in the adult education fund to see if an increase in charges is necessary.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdraw able 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 accounts, including passbook accounts.



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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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*(Continued)*

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,238,103 and the bank balance was \$1,106,208. Of the bank balance, \$201,924 was covered by federal depository insurance and \$400,000 was covered by pledged collateral in the School District's name (with a third party). The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institutions' trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 2	Category 3	Unclassified	Carrying/Fair Value
STAR Ohio	\$0	\$0	\$1,649,385	\$1,649,385
Federal Home Loan Bank	500,985	0	0	500,985
Repurchase Agreements	0	225,378	0	225,378
Total	<u>\$500,985</u>	<u>\$225,378</u>	<u>\$1,649,385</u>	<u>\$2,375,748</u>

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,613,851	\$0
Investments:		
STAR Ohio	(1,649,385)	1,649,385
Federal Home Loan Bank	(500,985)	500,985
Repurchase Agreements	(225,378)	225,378
GASB Statement No. 3	\$1,238,103	\$2,375,748

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2000 real property taxes are collected in and intended to finance fiscal year 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 6 - PROPERTY TAXES** (continued)

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,611,684,810	84.13%	\$1,715,962,770	84.20%
Public Utility	133,505,770	6.97%	132,386,095	6.50%
Tangible Personal Property	170,448,333	8.90%	189,692,190	9.30%
Total Assessed Value	<u>\$1,915,638,913</u>	<u>100.00%</u>	<u>\$2,038,041,055</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.50		\$4.50	

The School District receives property taxes from Warren County. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the 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, tangible personal property, and public utility 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 fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$377,073 in the general fund.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (tuition and student fees), interfund, intergovernmental (grants and rentals), charges for services, and interest. 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.

A summary of the principal items of intergovernmental receivables as follows:

	Amounts
<u>General Fund</u>	
Charges for Services	\$8,730
<u>Enterprise Funds</u>	
Lunchroom	1,408
Adult Education	27,464
Total Enterprise Funds	28,872
Total Intergovernmental Receivable	\$37,602

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$142,166
Less Accumulated Depreciation	(142,166)
Net Fixed Assets	\$0

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land	\$635,600	\$21,400	\$0	\$657,000
Buildings and Improvements	6,710,085	543,951	0	7,254,036
Furniture, Fixtures and Equipment	2,773,980	1,237,431	(148,124)	3,863,287
Total General Fixed Assets	\$10,119,665	\$1,802,782	(\$148,124)	\$11,774,323

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Vehicles are covered under a business policy with Nationwide which carries a \$250 deductible and a \$1,000,000 limit on any accident.

The School District's property is protected by Utica National Insurance Company and holds a \$1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

The School District provides an option for medical/surgical benefits (PPO) through a self-insurance internal service fund, administered by Harrington Benefit Services. The School District pays into the self-insurance internal service fund \$385.46 for family coverage or \$191.43 for individual coverage per month which represents one hundred percent of the premium required. The plan provides a medical/surgical plan with a \$100 single and \$200 family deductible and then 85% of the next \$2000 is payable by the employer. The School District purchases stop-loss coverage of \$30,000 per individual claim.

Health, drug prescription, dental and vision insurance is offered to all eligible employees through the self-insurance internal service fund.

The claims liability of \$35,674 reported in the internal service fund at June 30, 2000 is based on an estimate provided by Harrington Benefit Services and the requirements of *GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues"*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 9 - RISK MANAGEMENT** (continued)

reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$33,691	\$304,250	\$302,691	\$35,250
2000	35,250	328,687	328,263	35,674

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$55,344, \$70,188 and \$81,519, respectively; 93.9 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$3,374 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$278,839, \$227,522 and \$416,481, respectively; 87.19 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$35,719 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**NOTE 11 - 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-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$371,785 for fiscal year 2000.

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

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



**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$92,376.

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

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees may earn up to ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees 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 225 days. Upon retirement, payment shall be made for accrued but unused sick days on the basis of 25% of member's actual accumulated sick leave days to a maximum of 56 days.

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WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 2000, the School District entered into a capitalized lease for the acquisition of technology equipment. The terms of the agreement provides an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$899,477 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$176,222.

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

<u>Fiscal Year Ending June 30,</u>	<u>General Long - Term Obligations</u>
2001	\$176,222
2002	176,222
2003	176,222
2004	176,222
2005	122,500
Total Minimum Lease Payments	827,388
Less: Amount Representing Interest	(104,133)
Present Value of Minimum Lease Payments	\$723,255

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 14 - LONG TERM DEBT**

Long-term obligations of the School District as of June 30, 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Compensated Absences	\$397,144	\$48,520	\$0	\$445,664
Intergovernmental Payable (Pension Obligation)	2,167	3,525	2,167	3,525
Capital Leases	0	899,477	176,222	723,255
Energy Conservation Loan Payable	114,000	0	114,000	0
<b>Total</b>	<b>\$513,311</b>	<b>\$951,522</b>	<b>\$292,389</b>	<b>\$1,172,444</b>

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the General Fund.

The School District's overall legal debt margin was \$183,423,695 with an unvoted debt margin of \$2,038,041 at June 30, 2000.

*Energy Conservation Loan Payable* - On October, 1994, Warren County Vocational School District issued \$598,065 in unvoted general obligation notes for the purpose of providing energy conservation measures for the Warren County Vocational School District, authority of the Ohio Revised Code sections 133.06(G) and 3313.372. The note was retired during fiscal year 2000.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 15 - INTERFUND TRANSACTIONS**

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

Interfund Receivable/Payable:	Receivable	Payable
<u>General Fund</u>	\$789,196	\$0
<u>Special Revenue Funds:</u>		
Career Development	0	10,865
Economic Education	0	2,400
Adult Basic and Literacy	0	50,000
Vocational Educational Planning District	0	40,824
Title VI	0	2,244
Adult Basic Literacy Education	0	33,122
Total Special Revenue Funds	0	139,455
<u>Enterprise Funds:</u>		
Lunchroom	0	30,000
Uniform School Supplies	0	8,186
Adult Education	0	600,802
Total Enterprise Funds	0	638,988
<u>Agency Funds:</u>		
Pell Grant	0	7,556
Student Activities	0	3,197
Total Agency Funds	0	10,753
Total	\$789,196	\$789,196

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS** ( continued)

	Food Service	Uniform School Supplies	Adult Education	Totals
Operating Revenues	\$112,037	\$93,459	\$530,731	\$736,227
Depreciation Expense	(148)	0	0	(148)
Operating Income (Loss)	(59,139)	18,847	(667,730)	(708,021)
Donated Commodities	9,424	0	0	9,424
Operating Grants	14,642	0	281,443	296,085
Other Non-Operating Revenue	4,248	0	1,000	5,248
Operating Transfers In	33,000	0	131,950	164,950
Operating Transfers Out	0	0	(11,080)	(11,080)
Net Income (Loss)	2,175	18,848	(264,417)	(243,394)
Net Working Capital	938	39,914	(419,626)	(378,774)
Total Assets	49,729	48,100	225,769	323,598
Total Equity (Deficit)	(5,188)	39,914	(433,859)	(399,133)
Encumbrances at June 30, 2000	0	(1,447)	(9,389)	(10,836)

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The School District paid SWOCA \$12,075 for services provided during the year. Financial information can be obtained from the fiscal agent, Butler County JVS, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**NOTE 18 - INSURANCE PURCHASING POOL**

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various Educational Purchasing Council representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 19 - 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 at June 30, 2000.

**B. Litigation:**

As of June 30, 2000, the School District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

**NOTE 20 - SCHOOL FUNDING**

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 \$2,800,081 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 has 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.

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 20 - SCHOOL FUNDING** (continued)

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

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$92,706
Current Year Set-aside Requirement	198,750	198,796	66,265
Current Year Offsets	0	(92,181)	(30,312)
Qualifying Disbursements	<u>(345,271)</u>	<u>(106,569)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$128,659</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$146,521)</u>		<u>\$128,659</u>

Although the School District had qualifying disbursements during the year that reduced the capital acquisition and textbook set-aside amounts to below zero, only the amount for the textbook set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year. The total reserve balance for the three set-asides at the end of the fiscal year was \$128,659.

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**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<b>FEDERAL GRANTOR</b> Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550	\$0	\$4,936	\$0	\$4,936
National School Lunch Program	03PU-99/00 04PU-99/00	10.555	0	0	0	0
Total National School Lunch Program			<u>14,180</u>	<u>0</u>	<u>14,180</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			14,180	4,936	14,180	4,936
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Pell Grant	None	84.063	10,658	0	10,658	0
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education	AB-S1-2000	84.002	88,243	0	201,026	0
Vocational Education Basic Grant	20-C1-99/00	84.048	165,219	0	174,605	0
Eisenhower Professional Development Grant	MS-S1-00	84.281	1,527	0	2,043	0
Innovative Education Program Strategy	C2-S1-00	84.298	961	0	3,205	0
Jobs Reimbursement Program	JB-S1-97	93.561	0	0	4,538	0
Total Department of Education			<u>266,608</u>	<u>0</u>	<u>396,075</u>	<u>0</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><b>\$280,788</b></u>	<u><b>\$4,936</b></u>	<u><b>\$410,255</b></u>	<u><b>\$4,936</b></u>

Notes to the Schedule of Federal Awards Expenditures -

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999,

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Warren County Vocational School District  
Warren County  
3525 North State Route 48  
Lebanon, Ohio 45036

To the Board of Education:

We have audited the financial statements of Warren County Vocational School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 11, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

However, we noted other immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 11, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-10483-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Warren County Vocational School District  
Warren County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 11, 2000.

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

**Jim Petro**  
Auditor of State

December 11, 2000



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

Warren County Vocational School District  
Warren County  
3525 North State Route 48  
Lebanon, Ohio 45036

To The Board of Education:

**Compliance**

We have audited the compliance of Warren County Vocational School District, Warren County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2000.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

Warren County Vocational School District  
Warren County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Federal Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

**Jim Petro**  
Auditor of State

December 11, 2000

**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

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

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Adult Education - State Grant Program - CFDA # 84.002 Vocational Education - Basic Grants to State - CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: \$300,000 - N/A Type B: all programs
(d)(1)(ix)	Low Risk Auditee?	No

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

**FINDING NUMBER 2000-10483-001**

**Insurance Claims Processing - Internal Control, Reportable Condition**

The Warren County Vocational School District has delegated insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to reasonably determine that insurance claims have been completely and accurately processed in accordance with the insurance contract.

We recommend that the District implement procedures to reasonably assure the completeness, and accuracy (including eligibility and allowability) of insurance claims processed by their third-party administrator. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we suggest that the District obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the third-party administrator. Such a report, if unqualified, would provide evidence to the District's management that insurance claims were being processed in conformance with the contract.

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

None



**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000**

<b>FINDING NUMBER</b>	<b>FINDING SUMMARY</b>	<b>FULLY CORRECTED</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</b>
1999-10483-001	Appropriations exceeding estimated resources	YES	
1999-10483-002	Disbursements exceeding appropriations	YES	
1999-10483-003	Expenditures Plus Encumbrances Exceeding Appropriations	YES	
1999-10483-004	Third party administrator SAS-70	NO	No corrective action taken. The District continues to use their current third party administrator.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**WARREN COUNTY VOCATIONAL SCHOOL DISTRICT**

**WARREN 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 04, 2001**