



**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tri-County Joint Vocational School District, Athens County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statements 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 18, 2001

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

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Cash and Cash Equivalents	\$2,486,243	\$550,480	\$575,512
<u>Receivables:</u>			
Taxes	2,260,529	0	0
Accounts	388	2,400	0
Intergovernmental	0	32,018	0
Interfund	102,900	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	54,696	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0
<u>Restricted Assets:</u>			
Cash and Cash Equivalents	60,391	0	0
<u>Other Debits:</u>			
Amount to be Provided from			
General Government Resources	0	0	0
Total Assets and Other Debits	\$4,965,147	\$584,898	\$575,512
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$16,806	\$29,393	\$22,658
Contracts Payable	0	3,886	45,185
Accrued Wages and Benefits Payable	396,130	42,435	0
Compensated Absences Payable	27,999	1,764	0
Interfund Payable	0	86,900	0
Intergovernmental Payable	80,498	13,018	0
Deferred Revenue	2,148,305	32,018	0
Due to Students	0	0	0
Property Tax Refund Payable	0	0	0
Total Liabilities	2,669,738	209,414	67,843
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
<u>Retained Earnings:</u>			
Unreserved	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	170,938	75,028	12,131
Reserved for Inventory	54,696	0	0
Reserved for Property Taxes	112,224	0	0
Reserved for Statutory Set-Asides	60,391	0	0
<u>Unreserved:</u>			
Undesignated	1,897,160	300,456	495,538
Total Fund Equity and Other Credits	2,295,409	375,484	507,669
Total Liabilities, Fund Equity and Other Credits	\$4,965,147	\$584,898	\$575,512

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$452,587	\$20,076	\$156,039	\$0	\$0	\$4,240,937
0	0	0	0	0	2,260,529
24,292	0	0	0	0	27,080
3,952	0	0	0	0	35,970
0	0	0	0	0	102,900
2,937	0	0	0	0	2,937
0	0	0	0	0	54,696
127,228	86,184	0	4,499,215	0	4,712,627
0	0	0	0	0	60,391
0	0	0	0	445,782	445,782
<u>\$610,996</u>	<u>\$106,260</u>	<u>\$156,039</u>	<u>\$4,499,215</u>	<u>\$445,782</u>	<u>\$11,943,849</u>
\$2,269	\$0	\$0	\$0	\$0	\$71,126
0	0	0	0	0	49,071
85,827	5,918	0	0	0	530,310
856	6,767	0	0	418,109	455,495
16,000	0	0	0	0	102,900
9,722	937	0	0	0	104,175
1,596	0	0	0	0	2,181,919
0	0	57,090	0	0	57,090
0	0	0	0	27,673	27,673
<u>116,270</u>	<u>13,622</u>	<u>57,090</u>	<u>0</u>	<u>445,782</u>	<u>3,579,759</u>
0	0	0	4,499,215	0	4,499,215
494,726	92,638	0	0	0	587,364
0	0	0	0	0	258,097
0	0	0	0	0	54,696
0	0	0	0	0	112,224
0	0	0	0	0	60,391
0	0	98,949	0	0	2,792,103
<u>494,726</u>	<u>92,638</u>	<u>98,949</u>	<u>4,499,215</u>	<u>0</u>	<u>8,364,090</u>
<u>\$610,996</u>	<u>\$106,260</u>	<u>\$156,039</u>	<u>\$4,499,215</u>	<u>\$445,782</u>	<u>\$11,943,849</u>

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>Revenues:</u>			
Taxes	\$2,238,039	\$0	\$0
Intergovernmental	3,379,250	707,632	8,500
Interest	236,593	0	0
Gifts & Donations	0	0	0
Miscellaneous	43,867	308,375	0
<i>Total Revenues</i>	5,897,749	1,016,007	8,500
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	249,149	3,667	0
Special	0	76,151	0
Vocational	3,036,241	308,629	0
Adult/Continuing	0	71,593	0
Other	0	4,489	0
<i>Support Services:</i>			
Pupils	400,369	92,592	0
Instructional Staff	241,621	47,036	0
Board of Education	31,237	0	0
Administration	353,282	0	0
Fiscal	311,678	0	0
Business	24,434	0	0
Operation and Maintenance of Plant	644,115	0	0
Pupil Transportation	0	48,178	0
Central	1,297	133,282	0
Extracurricular Activities	3,149	70,310	0
Capital Outlay	0	0	460,462
<i>Total Expenditures</i>	5,296,572	855,927	460,462
Excess of Revenues Over (Under) Expenditures	601,177	160,080	(451,962)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	10,818	300,000
Operating Transfers Out	(335,818)	0	0
<i>Total Other Financing Sources (Uses)</i>	(335,818)	10,818	300,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	265,359	170,898	(151,962)
Fund Balance (Deficit) at Beginning of Year	2,037,153	204,586	659,631
Increase (Decrease) in Reserve for Inventory	(7,103)	0	0
Fund Balance (Deficit) at End of Year	\$2,295,409	\$375,483	\$507,669

See accompanying notes to the general purpose financial statements.

<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$0	\$2,238,039
0	4,095,382
12,255	248,848
750	750
0	352,242
13,005	6,935,261
0	252,816
0	76,151
0	3,344,870
250	71,843
0	4,489
0	492,961
0	288,657
0	31,237
0	353,282
0	311,678
0	24,434
0	644,115
0	48,178
0	134,579
0	73,459
0	460,462
250	6,613,211
12,755	322,050
0	310,818
0	(335,818)
0	(25,000)
12,755	297,050
86,194	2,987,564
0	(7,103)
\$98,949	\$3,277,511

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,232,700	\$2,257,334	\$24,634
Intergovernmental	3,681,200	3,379,250	(301,950)
Interest	187,400	236,593	49,193
Miscellaneous	45,050	44,158	(892)
Total Revenues	6,146,350	5,917,335	(229,015)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	265,952	250,819	15,133
Special	0	0	0
Vocational	3,526,953	3,269,243	257,710
Adult/Continuing	0	0	0
Support Services:			
Pupils	424,208	383,317	40,891
Instructional Staff	283,696	238,676	45,020
Board of Education	43,717	32,219	11,498
Administration	374,568	354,768	19,800
Fiscal	398,450	330,159	68,291
Business	102,184	23,614	78,570
Operation and Maintenance of Plant	746,380	640,793	105,587
Pupil Transportation	0	0	0
Central	1,297	1,297	0
Extracurricular Activities	4,000	3,144	856
Capital Outlay	0	0	0
Total Expenditures	6,171,405	5,528,049	643,356
Excess of Revenues Over (Under) Expenditures	(25,055)	389,286	414,341
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	0	0
Advances In	198,000	168,500	(29,500)
Operating Transfers Out	(335,819)	(335,819)	0
Advances Out	(108,200)	(99,700)	8,500
Total Other Financing Sources (Uses)	(246,019)	(267,019)	(21,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(271,074)	122,267	393,341
Fund Balances at Beginning of Year	2,175,879	2,175,879	0
Prior Year Encumbrances Appropriated	61,320	61,320	0
Fund Balances at End of Year	\$1,966,125	\$2,359,466	\$393,341

See accompanying notes to the general purpose financial statements.

GOVERNMENTAL FUND TYPES

<i>SPECIAL REVENUE FUNDS</i>			<i>CAPITAL PROJECTS FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
753,081	705,232	(47,849)	8,500	8,500	0
0	0	0	0	0	0
308,224	308,375	151	0	0	0
<u>1,061,305</u>	<u>1,013,607</u>	<u>(47,698)</u>	<u>8,500</u>	<u>8,500</u>	<u>0</u>
7,802	3,665	4,137	0	0	0
229,603	7,084	222,519	0	0	0
397,455	324,513	72,942	0	0	0
90,000	71,593	18,407	0	0	0
100,096	94,736	5,360	0	0	0
61,870	52,695	9,175	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
68,200	58,178	10,022	0	0	0
0	165,641	(165,641)	0	0	0
0	70,319	(70,319)	0	0	0
0	0	0	620,917	519,389	101,528
<u>955,026</u>	<u>848,424</u>	<u>106,602</u>	<u>620,917</u>	<u>519,389</u>	<u>101,528</u>
106,279	165,183	58,904	(612,417)	(510,889)	101,528
10,819	10,819	0	300,000	300,000	0
98,200	89,700	(8,500)	0	0	0
0	0	0	0	0	0
(129,000)	(115,500)	13,500	0	0	0
<u>(19,981)</u>	<u>(14,981)</u>	<u>5,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
86,298	150,202	63,904	(312,417)	(210,889)	101,528
307,844	307,844	0	512,542	512,542	0
<u>46,572</u>	<u>46,572</u>	<u>0</u>	<u>197,999</u>	<u>197,999</u>	<u>0</u>
<u>\$440,714</u>	<u>\$504,618</u>	<u>\$63,904</u>	<u>\$398,124</u>	<u>\$499,652</u>	<u>\$101,528</u>

(Continued)

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	EXPENDABLE TRUST FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	11,000	12,255	1,255
Miscellaneous	750	750	0
Total Revenues	11,750	13,005	1,255
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	0	0	0
Vocational	200	0	200
Adult/Continuing	250	250	0
<i>Support Services:</i>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Extracurricular Activities	154	0	154
Capital Outlay	0	0	0
Total Expenditures	604	250	354
Excess of Revenues Over (Under) Expenditures	11,146	12,755	1,609
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	11,146	12,755	1,609
Fund Balances at Beginning of Year	86,194	86,194	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$97,340	\$98,949	\$1,609

See accompanying notes to the general purpose financial statements.

TOTALS (MEMORANDUM ONLY)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,232,700	\$2,257,334	\$24,634
4,442,781	4,092,982	(349,799)
198,400	248,848	50,448
354,024	353,283	(741)
7,227,905	6,952,447	(275,458)
273,754	254,484	19,270
229,603	7,084	222,519
3,924,608	3,593,756	330,852
90,250	71,843	18,407
524,304	478,053	46,251
345,566	291,371	54,195
43,717	32,219	11,498
374,568	354,768	19,800
398,450	330,159	68,291
102,184	23,614	78,570
746,380	640,793	105,587
68,200	58,178	10,022
1,297	166,938	(165,641)
4,154	73,463	(69,309)
620,917	519,389	101,528
7,747,952	6,896,112	851,840
(520,047)	56,335	576,382
310,819	310,819	0
296,200	258,200	(38,000)
(335,819)	(335,819)	0
(237,200)	(215,200)	22,000
34,000	18,000	(16,000)
(486,047)	74,335	560,382
3,082,459	3,082,459	0
305,891	305,891	0
\$2,902,303	\$3,462,685	\$560,382

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition	\$527,723	\$0	\$527,723
Sales	130,669	0	130,669
Charges for Services	66,897	48,761	115,658
Other Operating Revenues	9,468	0	9,468
<i>Total Operating Revenues</i>	<u>734,757</u>	<u>48,761</u>	<u>783,518</u>
<u>Operating Expenses:</u>			
Salaries	473,332	38,000	511,332
Fringe Benefits	107,986	12,921	120,907
Purchased Services	210,350	0	210,350
Materials and Supplies	164,767	576	165,343
Cost of Sales	40,913	0	40,913
Depreciation	22,813	80,977	103,790
Other Operating Expenses	283	0	283
<i>Total Operating Expenses</i>	<u>1,020,444</u>	<u>132,474</u>	<u>1,152,918</u>
Operating Income (Loss)	(285,687)	(83,713)	(369,400)
<u>Nonoperating Revenues (Expenses):</u>			
Federal Donated Commodities	10,769	0	10,769
Interest	451	0	451
Federal and State Subsidies	309,516	0	309,516
Loss on Disposal of Fixed Assets	(508)	(44)	(552)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>320,228</u>	<u>(44)</u>	<u>320,184</u>
Income (Loss) Before Operating Transfers	34,541	(83,757)	(49,216)
Operating Transfers In	25,000	0	25,000
Net Income (Loss)	59,541	(83,757)	(24,216)
Retained Earnings at Beginning of Year, As Restated	<u>435,185</u>	<u>176,395</u>	<u>611,580</u>
Retained Earnings at End of Year	<u>\$494,726</u>	<u>\$92,638</u>	<u>\$587,364</u>

See accompanying notes to the general purpose financial statements.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$136,211	\$0	\$136,211
Cash Received from Tuition and Charges for Services	587,514	48,761	636,275
Cash Payments for Employees Services and Benefits	(501,795)	(50,791)	(552,586)
Cash Payments to Suppliers for Goods and Services	(419,892)	(3,310)	(423,202)
Other Operating Revenues	9,673	0	9,673
Other Operating Expenses	(283)	(20)	(303)
<i>Net Cash from Operating Activities</i>	(188,572)	(5,360)	(193,932)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	309,169	0	309,169
Operating Transfers In	188,865	0	188,865
Operating Transfers Out	(163,865)	0	(163,865)
Advances In	10,000	0	10,000
Advances Out	(53,000)	0	(53,000)
<i>Net Cash from Noncapital Financing Activities</i>	291,169	0	291,169
<u>Cash Flows from Capital Financing Activities:</u>			
Cash Payments for Capital Acquisitions	(31,037)	(400)	(31,437)
<i>Net Cash from Capital Financing Activities</i>	(31,037)	(400)	(31,437)
<u>Cash Flows from Investing Activities:</u>			
Interest Received on Investments	451	0	451
<i>Net Cash from Investing Activities</i>	451	0	451
Net Increase (Decrease) in Cash and Cash Equivalents	72,011	(5,760)	66,251
Cash and Cash Equivalents at Beginning of Year	380,576	25,836	406,412
Cash and Cash Equivalents at End of Year	\$452,587	\$20,076	\$472,663
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash from Operating Activities:</u>			
Operating Income (Loss)	(\$285,687)	(\$83,713)	(\$369,400)
<u>Adjustments to Reconcile Operating Income (Loss)</u>			
<u>to Net Cash from Operating Activities:</u>			
Depreciation	22,813	80,977	103,790
Donated Commodities Used During Year	10,769	0	10,769
<u>Changes in Assets and Liabilities:</u>			
(Increase) Decrease in Accounts Receivable	(1,359)	0	(1,359)
(Increase) Decrease in Intergovernmental Receivable	0	0	0
(Increase) Decrease in Materials and Supplies Inventory	0	0	0
(Increase) Decrease in Inventory Held for Resale	1,084	0	1,084
Increase (Decrease) in Accounts Payable	1,628	(2,754)	(1,126)
Increase (Decrease) in Accrued Wages and Benefits Payable	64,901	498	65,399
Increase (Decrease) in Intergovernmental Payable	(312)	(629)	(941)
Increase (Decrease) in Compensated Absences Payable	(960)	261	(699)
Increase (Decrease) in Deferred Revenue	(1,449)	0	(1,449)
Total Adjustments	97,115	78,353	175,468
Net Cash from Operating Activities	(\$188,572)	(\$5,360)	(\$193,932)

See accompanying notes to the general purpose financial statements.

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TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Tri-County Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The District includes eight participating districts spread throughout Athens, Hocking and Perry Counties.

The District operates under a eleven-member Board of Education and is responsible for the provision of public education to residents of the District. The Board of Education of the District is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The District has an enrollment of 532 students and is staffed by 37 classified, 69 certified and 6 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the District are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, include student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The District is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-County Joint 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 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 District's accounting policies are described below.

Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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 regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the 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 District are financed. The acquisition, use, and balances of the 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 District's governmental fund types:

General Fund - The General Fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Types:

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

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

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 District on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the District's fiduciary fund types:

Expendable Trust Fund - This fund accounts for resources, including both principal and earnings which must be expended according to the provision of a trust agreement. The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups:

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

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

The 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, 2001, whose availability is undeterminable and which are intended to finance fiscal year 2002 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. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. 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 proprietary fund types. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget: Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Athens 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 Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate requested during fiscal year 2001.

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, there was one supplemental appropriation enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Prior to year-end, the District filed with the County Budget Commission a final appropriations measure that equaled expenditures plus encumbrances for the year in all funds except the Special Revenue Funds. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 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.

Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. The District credits interest to the General, Expendable Trust and Enterprise Funds. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$236,593, which includes \$91,718 assigned from other District funds. In addition, the Special Trust (Expendable Trust) and Food Service (Enterprise) Funds received \$12,255 and \$451, respectively, in interest revenue.

During fiscal year 2001, the District's investments were limited to a savings account, certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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 SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments with STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

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

Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Inventory (Continued)

Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a reserve for textbooks and instructional material, capital improvement and maintenance, and budget stabilization in accordance with State statute. A reserve for budget stabilization is no longer required by State statute and any balance remaining in the previously required budget reserve can be used with certain restrictions, at the discretion of the Board of Education. A corresponding fund balance reserve has also been established for each set aside amount.

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 related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in the 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 District maintains a capitalization threshold of three hundred dollars. The District does not possess any infrastructure.

Improvements are capitalized. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Depreciation of buildings, improvements, furniture and equipment is computed using the straight-line method over an estimated useful life.

Intergovernmental Revenues

Intergovernmental revenues are generally received from reimbursable, nonreimbursable and entitlement type grant programs. These grant programs involve transactions that are categorized as either government-mandated or voluntary nonexchange transactions. For governmental funds, intergovernmental revenues from government-mandated and voluntary nonexchange transactions are recorded as a receivable when all eligibility requirements are met, and as revenue when the resources are available. Revenues that are not available in the current period are deferred. For proprietary funds, intergovernmental revenues from government-mandated and voluntary nonexchange transactions are recorded as a receivable and revenue when all eligibility requirements are met. Revenues received before the eligibility requirements are met are deferred.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Intergovernmental Revenues (Continued)

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

Entitlements:

General Fund

State Foundation Program
State Property Tax Relief

Nonreimbursable Grants:

Special Revenue Funds

Economic Education
Career Development
Professional Development Block Grant
Educational Management Information System
School Net Professional Development
Title VI
Perkins VEPD - High School and Adult
Instructional Media Center
Eisenhower Professional Development
Adult Vocational Education
High Tech Occupation
Ohio School Net - ONEnet

Reimbursable Grants:

Special Revenue Funds

PELL Grant

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements accounted for fifty-five percent of the District's operating revenue during the 2001 fiscal year.

Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve accounts which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

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 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified, certified, and administrative employees after twenty years of service.

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

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, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits 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 expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources.

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

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.

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.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Balance Reserves

The District reserves fund balance for amounts that are legally segregated for specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, and statutory set-asides. 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 statutory set-asides represents the amounts that have been set aside for textbooks and instructional material, capital improvement and maintenance, and budget stabilization in accordance with State statute.

Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

The District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

GASB Statement No. 33 establishes accounting and financial reporting guidelines about when to report the results of nonexchange transactions. GASB Statement No. 36 is a modification to the provisions of GASB Statement No. 33 for certain specific nonexchange revenues. The implementation of these statements did not effect the fund balance and therefore, did not require a prior period adjustment to fund balance or retained earnings. The implementation of these statements did affect the prior period intergovernmental receivable and deferred revenue amounts by increasing each \$80,545 in the Special Revenue Funds.

Due to an overstatement of cash at June 30, 2000, to the Expendable Trust Funds, we have made an adjustment to the Special Trust Fund. This change has resulted in a decrease in both Cash and Cash Equivalents and Fund Balance by \$5,995.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (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 budget basis statements by fund type:

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

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$265,358	\$170,899	(\$151,962)	\$12,755
Net Adjustment for Revenue Accruals	19,586	(2,400)	0	0
Net Adjustment for Expenditure Accruals and Encumbrances	(231,477)	7,503	(58,927)	0
Net Adjustment for Other Financing Sources (Uses)	68,800	(25,800)	0	0
Budget Basis	<u>\$122,267</u>	<u>\$150,202</u>	<u>(\$210,889)</u>	<u>\$12,755</u>

NOTE 5 - ACCOUNTABILITY

Fund Deficits

Fund balances at June 30, 2001, included the following individual fund deficits:

Special Revenue Funds:

Career Development	\$9,252
Driver's Education	\$250
Miscellaneous State Grants	\$450

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Fund Deficits (Continued)

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes requires the classification of monies held by the District into three categories:

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

Inactive deposits are public deposits that the Board 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 pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of agreement must not exceed thirty days;

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes, for a period not to exceed one hundred and eighty days, in an amount not to exceed twenty-five percent of interim moneys available for investment at any time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, 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 and Reverse Repurchase Agreements."

Deposits: At fiscal year-end, the carrying amount of the District's deposits was \$2,298,668 and the bank balance was \$2,545,737. Of the bank balance, \$200,000 was covered by federal deposit insurance, \$900,000 was collateralized with securities held by the District or by its agency in the District's name, and \$1,445,737 was considered uninsured and uncollateralized, although it was covered by a collateral pool, allowed under Ohio Revised Code Section 135.181. Although the pledging institution and the District met all State statutory requirements for the deposit of money, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

	<u>Carrying Value</u>	<u>Fair Value</u>
STAROhio	<u>\$2,002,660</u>	<u>\$2,002,660</u>

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - CASH, 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 classification of cash and cash equivalents on the combined balance sheet and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$4,301,328	\$0
Investments:		
STAR Ohio	(2,002,660)	2,002,660
GASB Statement 3	\$2,298,668	\$2,002,660

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second - Half Collections		2001 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$841,167,980	78.8%	\$864,035,450	79.4%
Public Utility Personal	134,587,380	12.6%	131,555,070	12.1%
Tangible Personal Property	92,156,703	8.6%	93,212,854	8.6%
Total Assessed Value	\$1,067,912,063	100.0%	\$1,088,803,374	100.0%
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2001 is available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. Tri-County Joint Vocational School District had \$112,224 available for advance to the General Fund at June 30, 2001.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal item of intergovernmental receivable follows:

Special Revenue Funds:	
Career Development	\$11,999
Dwight Eisenhower	145
Vocational Education	19,874
Total Special Revenue Funds	<u>32,018</u>
<i>Enterprise Fund:</i>	
Food Service	3,952
Total Intergovernmental Receivable	<u><u>\$35,970</u></u>

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - FIXED ASSETS

A summary of the proprietary funds' fixed assets at June 30, 2001, follows:

	Enterprise	Internal Service
Furniture and Equipment	\$320,439	\$437,387
Less: Accumulated Depreciation	(193,211)	(351,203)
Net Fixed Assets	<u>\$127,228</u>	<u>\$86,184</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$26,308	\$0	\$0	\$26,308
Building and Improvements	4,105,896	0	0	4,105,896
Furniture, Fixtures, and Equipment	3,698,587	516,943	114,878	4,100,652
Totals	\$7,830,791	<u>\$516,943</u>	<u>\$114,878</u>	\$8,232,856
Less: Accumulated Depreciation	(3,104,827)			(3,733,641)
Net Fixed Assets	<u>\$4,725,964</u>			<u>\$4,499,215</u>

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with various commercial carriers for property and fleet insurance, inland marine insurance, and liability insurance, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2001 are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$11,730,397
Inland Marine Coverage	\$210,000
Automobile Liability (\$0 deductible)	\$500,000
Automobile Medical Payments	\$5,000
Uninsured Motorists (\$0 deductible)	\$500,000

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - RISK MANAGEMENT (Continued)

General Liability:

Medical Expense Limit (any one person)	\$5,000
Fire Damage Limit (any one fire)	\$100,000
Per Occurrence	\$2,000,000
Total Per Year	\$5,000,000

Public Official Bonds:

Treasurer	\$250,000
Superintendent/Board President/Board Vice-President (each)	\$20,000
Blanket (all other employees)	\$2,500

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

Workers' Compensation

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district 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 of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The 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 State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.20 percent of the 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 statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$35,138, \$48,193, and \$60,628, respectively; 90.22 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$3,437 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. For fiscal year 2001, 9.5 percent of the District's contribution was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$303,596, \$207,425, and \$185,064, respectively; 84.05 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$48,416 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$143,808 during fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

For fiscal year 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000. For the District, the amount to fund health care benefits, including the surcharge, equaled \$83,586 during the 2001 fiscal year.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. 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 300 days for teachers, administrators and classified employees. Upon retirement, teachers and administrators receive one-fourth of the total sick leave accumulation up to a maximum of sixty-five (65) days while classified employees receive up to a maximum of sixty-five days (65).

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during fiscal year 2001 were as follows:

	Principal Outstanding June 30, 2000	Additions	Deletions	Principal Outstanding June 30, 2001
Compensated Absences Payable	\$255,073	\$163,036	\$0	\$418,109
Property Tax Refund Payable	48,292	0	20,619	27,673
Totals	<u>\$303,365</u>	<u>\$163,036</u>	<u>\$20,619</u>	<u>\$445,782</u>

Compensated absences payable will be paid from the fund from which the employee is paid. The property tax refund will be deducted over the next three years on the tax settlements by the Athens County Auditor.

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 2001, were comprised of the following interfund receivable and interfund payables:

	Interfund Receivable	Interfund Payable
<i>General Fund</i>	\$102,900	\$0
<i>Special Revenue Funds:</i>		
Career Development	0	10,000
Miscellaneous State Grants	0	450
Vocational Education	0	75,000
Title VI	0	1,200
Driver Education	0	250
Total Special Revenue Funds	<u>102,900</u>	<u>86,900</u>
<i>Enterprise Funds:</i>		
Food Service	0	16,000
Totals	<u>\$102,900</u>	<u>\$102,900</u>

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Rotary - Special Services	Adult Education	Total Enterprise Funds
Operating Revenues	\$57,875	\$48,808	\$67,146	\$560,928	\$734,757
Operating Expenses					
Before Depreciation	111,633	51,463	54,358	780,177	997,631
Depreciation	4,921	240	1,029	16,623	22,813
Operating Income (Loss)	(58,679)	(2,895)	11,759	(235,872)	(285,687)
Donated Commodities	10,769	0	0	0	10,769
Operating Grants	33,290	0	0	276,226	309,516
Loss on Disposal of Assets	508	0	0	0	508
Operating Transfers In	0	0	0	25,000	25,000
Net Income (Loss)	(14,677)	(2,895)	11,759	65,354	59,541
Net Working Capital	(9,291)	45,108	81,899	249,782	367,498
Total Assets	48,486	49,888	90,956	421,666	610,996
Total Liabilities	24,537	431	0	91,302	116,270
Total Equity	23,949	49,457	90,956	330,364	494,726
Reserve for Encumbrances	0	1,246	48	39,909	41,203

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) (Continued)

The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The District made a payment of \$6,454 for membership in fiscal year 2001. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

Athens County School Employees Health and Welfare Benefit Association

The District is a participant in a consortium of seven district to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

NOTE 19 - CONTINGENCIES

Grants

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

Litigation

The District is currently not party to any significant pending litigation.

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 20 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2001:

	Textbook	Capital Improvements	Budget Stabilization	Totals
Set-Aside Balance as of July 1, 2000	(\$6,679)	\$0	\$108,983	\$102,304
Current Year Set-Aside Requirement	130,522	130,522	0	261,044
Reduction Due to Senate Bill 345	0	0	(48,592)	(48,592)
Current Year Offset	0	0	0	0
Qualifying Disbursements	(128,128)	(476,342)	0	(604,470)
Total	(4,285)	(345,820)	60,391	(289,714)
Set-Aside Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$60,391</u>	
Total Restricted Assets				<u>\$60,391</u>

Although the District had qualifying disbursements during the year that exceeded the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account may be carried forward to offset future years' textbook set-aside requirements. Each reserve must be represented by restricted cash at year-end and carried forward to be used for the same purposes in future years.

NOTE 21 - STATE SCHOOL FUNDING DECISION

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 18, 2001, the Ohio General Assembly is still analyzing the impact the Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement the changes be made retroactive to July 1, 2001. On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

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**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 9,321	\$	\$ 10,769
National School Lunch Program	10.555	LL-P1-99	519		519	
		LL-P1-00	6,016		6,016	
		LL-P1-01	18,938		18,938	
		LL-P4-00	1,307		1,307	
		LL-P4-01	3,761		3,761	
Total National School Lunch Program			<u>30,541</u>	<u>0</u>	<u>30,541</u>	<u>0</u>
Total Nutrition Cluster			<u>30,541</u>	<u>9,321</u>	<u>30,541</u>	<u>10,769</u>
Total United States Department of Agriculture			30,541	9,321	30,541	10,769
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Direct from Federal Government</i>						
Federal Pell Grant Program	84.063	N/A	71,593		71,593	
<i>Passed Through Ohio Department of Education</i>						
Vocational Education - Basic Grants to States	84.048	20-C1-00	54,238		48,660	
		20-C1-01	300,601		260,265	
		20-C2-00	5,977		2,359	
		20-C2-01	37,224		37,224	
Total Vocational Education - Basic Grants to States			<u>398,040</u>	<u>0</u>	<u>348,508</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MS-S1-00	1,093		866	
		MS-S1-01	1,310		1,225	
Total Eisenhower Professional Development State Grants			<u>2,403</u>	<u>0</u>	<u>2,091</u>	<u>0</u>
Innovative Educational Program Strategies	84.298	C2-S1-00	2,136		2,615	
		C2-S1-01	3,032		2,698	
Total Innovative Education Program Strategies			<u>5,168</u>	<u>0</u>	<u>5,313</u>	<u>0</u>
Total United States Department of Education			<u>477,204</u>	<u>0</u>	<u>427,505</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 507,745</u>	<u>\$ 9,321</u>	<u>\$ 458,046</u>	<u>\$ 10,769</u>

The notes to the Schedule of Federal Awards Receipt and Expenditures are an integral part of this Schedule.

**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes the activity of the District'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 United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the general purpose financial statements of the Tri-County Joint Vocational School District, Athens County, Ohio (the District), as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated December 18, 2001, wherein we noted the School District adopted Governmental Accounting Standards Board Statements 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 18, 2001.

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

This report is intended for the information and use of the audit committee, management, 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 18, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

**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**

Tri-County Joint Vocational School District
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

Compliance

We have audited the compliance of the Tri-County Joint Vocational School District, Athens 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 its major federal program for the fiscal year ended June 30, 2001. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2001.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, management, 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 18, 2001

**TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TRI-COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 7, 2002**