



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

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**STATE OF OHIO**



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Central Ohio Joint Vocational School District  
Madison County  
7877 U.S. Highway 42 South  
Plain City, Ohio 43064

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2002, 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 District, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2002 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**JIM PETRO**  
Auditor of State

December 13, 2002

**Central Ohio Joint Vocational School District  
Madison County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Capital	Fund Type	Fund Type	General	General	2002
		Revenue	Project	Enterprise	Agency	Fixed Assets	Long Term Debt	(Memorandum)
								(Only)
<b>Assets and Other Debits:</b>								
Equity in Pooled Cash and Investments	\$ 20,340,028	40,936	568,345	49,983	28,064	0	0	\$ 21,027,356
Taxes Receivable	5,068,917	0	0	0	0	0	0	5,068,917
Interfund Receivables	40,140	0	0	0	0	0	0	40,140
Due from Other Funds	0	0	0	0	3,743	0	0	3,743
Intergovernmental Receivables	0	28,183	0	2,675	0	0	0	30,858
Accounts Receivable	128,894	0	0	0	0	0	0	128,894
Supply Inventory	53,107	0	0	1,121	0	0	0	54,228
Inventory for Resale	0	0	0	2,454	0	0	0	2,454
Property, Plant & Equipment	0	0	0	158,222	0	16,456,686	0	16,614,908
Accumulated Depreciation, where Applicable	0	0	0	(86,763)	0	0	0	(86,763)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	413,341	413,341
<b>Total Assets and Other Debits</b>	<b>\$ 25,631,086</b>	<b>69,119</b>	<b>568,345</b>	<b>127,692</b>	<b>31,807</b>	<b>16,456,686</b>	<b>413,341</b>	<b>\$ 43,298,076</b>

(Continued)

**Central Ohio Joint Vocational School District  
Madison County  
Combined Balance Sheet  
All Fund Types and Account Groups, Continued  
June 30, 2002**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Capital	Fund Type	Fund Type	General	General	2002
		Revenue	Project	Enterprise	Agency	Fixed Assets	Long Term Debt	(Memorandum)
								(Only)
<b>Liabilities:</b>								
Interfund Payables	\$ 0	40,140	0	0	0	0	0	\$ 40,140
Due to Other Funds	3,416	230	0	97	0	0	0	3,743
Intergovernmental Payables	71,824	4,830	0	3,966	22,551	0	156	103,327
Accounts Payable	20,583	0	0	0	0	0	0	20,583
Accrued Salaries and Benefits	518,353	35,352	0	14,523	0	0	0	568,228
Deferred Revenue	4,199,568	0	0	1,097	0	0	0	4,200,665
Due to Others	0	0	0	0	9,256	0	0	9,256
Leases Payable	0	0	0	0	0	0	20,715	20,715
Compensated Absences Payable	42,879	0	0	3,344	0	0	392,470	438,693
<b>Total Liabilities</b>	<b>4,856,623</b>	<b>80,552</b>	<b>0</b>	<b>23,027</b>	<b>31,807</b>	<b>0</b>	<b>413,341</b>	<b>5,405,350</b>
<b>Fund Equity and Other Credits:</b>								
Investment in General Fixed Assets	0	0	0	0	0	16,456,686	0	16,456,686
Contributed Capital	0	0	0	88,115	0	0	0	88,115
Retained Earnings	0	0	0	16,550	0	0	0	16,550
<b>Fund Balances:</b>								
Reserved for Supply Inventory	53,107	0	0	0	0	0	0	53,107
Reserved for Encumbrances	181,368	0	0	0	0	0	0	181,368
Reserved for Future Appropriation	869,350	0	0	0	0	0	0	869,350
Unreserved Fund Balance	19,670,638	(11,433)	568,345	0	0	0	0	20,227,550
<b>Total Fund Balances</b>	<b>20,774,463</b>	<b>(11,433)</b>	<b>568,345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,331,375</b>
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>20,774,463</b>	<b>(11,433)</b>	<b>568,345</b>	<b>104,665</b>	<b>0</b>	<b>16,456,686</b>	<b>0</b>	<b>37,892,726</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 25,631,086</b>	<b>69,119</b>	<b>568,345</b>	<b>127,692</b>	<b>31,807</b>	<b>16,456,686</b>	<b>413,341</b>	<b>\$ 43,298,076</b>

See Accompanying Notes to the General Purpose Financial Statements



**Central Ohio Joint Vocational School District  
Madison County  
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types  
Year Ended June 30, 2002**

	Governmental Fund Types			Totals 2002 (Memorandum) (Only)
	General	Special Revenue	Capital Project	
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes	\$ 4,725,999	0	0	\$ 4,725,999
Tuition	30,600	0	0	30,600
Transportation Fees	0	0	0	0
Earnings on Investments	813,612	0	5,895	819,507
Miscellaneous	44,943	0	0	44,943
Revenue from State Sources:				
Unrestricted Grants-in-Aid	2,506,422	0	0	2,506,422
Restricted Grants-in-Aid	0	81,683	0	81,683
Revenue from Federal Sources:				
Restricted Grants-in-Aid	0	249,331	0	249,331
<b>Total Revenue</b>	<b>8,121,576</b>	<b>331,014</b>	<b>5,895</b>	<b>8,458,485</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	793,141	0	0	793,141
Special	214,572	0	0	214,572
Vocational	2,365,227	243,514	0	2,608,741
Adult/Continuing Instruction	0	26,890	0	26,890
Supporting Services:				
Pupils	669,260	92,769	0	762,029
Instructional Staff	588,767	7,161	0	595,928
Board of Education	65,945	0	0	65,945
Administration	493,586	127	0	493,713
Fiscal Services	235,739	0	0	235,739
Business	1,562	0	0	1,562
Operation & Maintenance-Plant	710,329	0	0	710,329
Pupil Transportation	4,166	0	0	4,166
Central	108,553	0	0	108,553
Extracurricular-Occupation Oriented	13,549	0	0	13,549
Capital Outlay:				
Other Facility Acquisition & Construction	132,934	0	0	132,934
<b>Total Expenditures</b>	<b>6,397,330</b>	<b>370,461</b>	<b>0</b>	<b>6,767,791</b>
Excess of Revenues				
Over Expenditures	1,724,246	(39,447)	5,895	1,690,694
Other Financing Sources (Uses):				
Other Financing Sources:				
Other Sources	3,004	0	0	3,004
Other Financing Uses:				
Transfer-Out	(18,000)	0	0	(18,000)
<b>Net Other Financing Sources (Uses)</b>	<b>(14,996)</b>	<b>0</b>	<b>0</b>	<b>(14,996)</b>
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	1,709,250	(39,447)	5,895	1,675,698
Increase in Supply Inventory	1,524	0	0	1,524
Beginning Fund Balance	19,063,689	28,014	562,450	19,654,153
<b>Ending Fund Balance</b>	<b>\$ 20,774,463</b>	<b>(11,433)</b>	<b>568,345</b>	<b>\$ 21,331,375</b>

See Accompanying Notes to the General Purpose Financial Statements

**Central Ohio Joint Vocational School District**  
**Madison County**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types**  
**Year Ended June 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 4,664,893	4,704,999	40,106	0	0	\$ 0
Tuition	27,000	30,600	3,600	0	0	0
Transportation Fees	10,000	11,045	1,045	0	0	0
Earnings on Investment	944,000	973,727	29,727	0	0	0
Miscellaneous	9,000	10,977	1,977	0	0	0
State Unrestricted Grants-in-Aid	2,496,000	2,506,422	10,422	0	0	0
State Restricted Grants-in-Aid	0	0	0	95,855	97,530	1,675
Federal Restricted Grants-in-Aid	0	0	0	326,808	258,484	(68,324)
<b>Total Revenue</b>	<b>8,150,893</b>	<b>8,237,770</b>	<b>86,877</b>	<b>422,663</b>	<b>356,014</b>	<b>(66,649)</b>
<b>Expenditures:</b>						
Regular Instruction	1,214,600	758,095	456,505	0	0	0
Special Instruction	317,000	202,349	114,651	0	0	0
Vocational Instruction	5,215,900	2,346,579	2,869,321	291,425	241,516	49,909
Adult/Continuing Instruction	0	0	0	29,152	27,800	1,352
Support Services-Pupils	12,815,340	709,789	12,105,551	97,003	92,692	4,311
Support Services-Instructional Staff	1,047,500	589,474	458,026	7,161	7,161	0
Support Services-Board of Education	330,000	70,728	259,272	0	0	0
Support Services-Administration	736,050	498,276	237,774	1,000	127	873
Fiscal Services	366,300	237,686	128,614	0	0	0
Support Services-Business	20,000	1,562	18,438	0	0	0
Operation & Maintenance-Plant	2,777,865	724,217	2,053,648	0	0	0
Support Services-Transportation	25,000	4,166	20,834	0	0	0
Support Services-Central	193,300	110,317	82,983	0	0	0
Occupation Oriented Activities	20,000	13,549	6,451	0	0	0
Site Acquisition	10,000	0	10,000	0	0	0
Site Improvement	250,000	0	250,000	0	0	0
Building Acquisition & Construction	540,000	277,381	262,619	0	0	0
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
<b>Total Expenditures</b>	<b>25,878,855</b>	<b>6,544,168</b>	<b>19,334,687</b>	<b>436,741</b>	<b>369,296</b>	<b>67,445</b>
Excess of Revenue Over (Under) Expenditures	(17,727,962)	1,693,602	19,421,564	(14,078)	(13,282)	796
<b>Other Financing Sources (Uses):</b>						
Advances-In	0	61,127	61,127	0	49,636	49,636
Refund of Prior Year Expenditures	0	3,004	3,004	0	0	0
Transfer-Out	(60,000)	(18,000)	42,000	0	0	0
Advances-Out	0	(49,636)	(49,636)	0	(61,127)	(61,127)
<b>Total Other Sources (Uses)</b>	<b>(60,000)</b>	<b>(3,505)</b>	<b>56,495</b>	<b>0</b>	<b>(11,491)</b>	<b>(11,491)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,787,962)	1,690,097	19,478,059	(14,078)	(24,773)	(10,695)
Beginning Fund Balance	18,325,280	18,325,280	--	65,669	65,669	--
Prior Year Carry Over Encumbrances	44,855	44,855	--	42	42	--
<b>Ending Fund Balance</b>	<b>\$ 582,173</b>	<b>20,060,232</b>	<b>19,478,059</b>	<b>51,633</b>	<b>40,938</b>	<b>\$ (10,695)</b>

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

**Central Ohio Joint Vocational School District**  
**Madison County**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types - Continued**  
**Year Ended June 30, 2002**

	Capital Project Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	4,664,893	4,704,999	\$ 40,106
Tuition	0	0	0	27,000	30,600	3,600
Transportation Fees	0	0	0	10,000	11,045	1,045
Earnings on Investment	5,900	5,895	(5)	949,900	979,622	29,722
Miscellaneous	0	0	0	9,000	10,977	1,977
State Unrestricted Grants-in-Aid	0	0	0	2,496,000	2,506,422	10,422
State Restricted Grants-in-Aid	0	0	0	95,855	97,530	1,675
Federal Restricted Grants-in-Aid	0	0	0	326,808	258,484	(68,324)
<b>Total Revenue</b>	<b>5,900</b>	<b>5,895</b>	<b>(5)</b>	<b>8,579,456</b>	<b>8,599,679</b>	<b>20,223</b>
Expenditures:						
Regular Instruction	0	0	0	1,214,600	758,095	456,505
Special Instruction	0	0	0	317,000	202,349	114,651
Vocational Instruction	0	0	0	5,507,325	2,588,095	2,919,230
Adult/Continuing Instruction	0	0	0	29,152	27,800	1,352
Support Services-Pupils	0	0	0	12,912,343	802,481	12,109,862
Support Services-Instructional Staff	0	0	0	1,054,661	596,635	458,026
Support Services-Board of Education	0	0	0	330,000	70,728	259,272
Support Services-Administration	0	0	0	737,050	498,403	238,647
Fiscal Services	0	0	0	366,300	237,686	128,614
Support Services-Business	0	0	0	20,000	1,562	18,438
Operation & Maintenance-Plant	0	0	0	2,777,865	724,217	2,053,648
Support Services-Transportation	0	0	0	25,000	4,166	20,834
Support Services-Central	0	0	0	193,300	110,317	82,983
Occupation Oriented Activities	0	0	0	20,000	13,549	6,451
Site Acquisition	0	0	0	10,000	0	10,000
Site Improvement	0	0	0	250,000	0	250,000
Building Acquisition & Construction	568,350	0	568,350	1,108,350	277,381	830,969
Other Fac. Building Acq. & Constr.	0	0	0	11,000	0	11,000
<b>Total Expenditures</b>	<b>568,350</b>	<b>0</b>	<b>568,350</b>	<b>26,883,946</b>	<b>6,913,464</b>	<b>19,970,482</b>
Excess of Revenue Over (Under) Expenditures	(562,450)	5,895	568,345	(18,304,490)	1,686,215	19,990,705
Other Financing Sources (Uses):						
Advances-In	0	0	0	0	110,763	110,763
Refund of Prior Years Expenditures	0	0	0	0	3,004	3,004
Transfer-Out	0	0	0	(60,000)	(18,000)	42,000
Advances-Out	0	0	0	0	(110,763)	(110,763)
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(60,000)</b>	<b>(14,996)</b>	<b>45,004</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(562,450)	5,895	568,345	(18,364,490)	1,671,219	20,035,709
Beginning Fund Balance	562,450	562,450	--	18,953,399	18,953,399	--
Prior Year Carry Over Encumbrances	0	0	--	44,897	44,897	--
<b>Ending Fund Balance</b>	<b>\$ 0</b>	<b>568,345</b>	<b>568,345</b>	<b>633,806</b>	<b>20,669,515</b>	<b>\$ 20,035,709</b>

See Accompanying Notes to the General Purpose Financial Statements

**Central Ohio Joint Vocational School District**  
**Madison County**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Proprietary Fund Type - Enterprise Funds**  
**Year Ended June 30, 2002**

	Enterprise Funds
Operating Revenues:	
Tuition	\$ 89,570
Food Service	111,082
Classroom Materials & Fees	27,097
Miscellaneous	17,275
Total Operating Revenue	245,024
Operating Expenses:	
Salary and Wages	181,057
Employee Benefits	41,809
Purchased Services	1,532
Supplies and Materials	120,153
Depreciation	649
Total Operating Expenses	345,200
Operating Loss	(100,176)
Non-Operating Revenues:	
Earnings on Investment	392
State Unrestricted Grants-In-Aid	48,714
State Restricted Grants-In-Aid	717
Federal Unrestricted Grants-In-Aid	11,013
Federal Restricted Grants-In-Aid	4,533
Total Non-Operating Revenues:	65,369
Non-Operating Expenses:	
Loss on Disposal of Assets	489
Total Non-Operating Expenses	489
Net Income Before Operating Transfers	(35,296)
Operating Transfers-In	18,000
Total Operating Transfers	18,000
Net Income (Loss)	(17,296)
Beginning Retained Earnings	33,846
Retained Earnings at End of Year	\$ 16,550

See Accompanying Notes to the General Purpose Financial Statements

**Central Ohio Joint Vocational School District**  
**Madison County**  
**Combined Statement of Cash Flows**  
**Proprietary Fund Type - Enterprise Funds**  
**Year Ended June 30, 2002**

	Enterprise Funds
Cash Flows from Operating Activities	
Operating Loss	\$ (100,176)
Adjustments to Reconcile Operating Loss	
To Net Cash used in Operating Activities:	
Depreciation	649
Net (Increases) Decreases in Assets:	
Intergovernmental Receivables	(83)
Accounts Receivable	8,806
Inventory	(941)
Net Increases (Decreases) in Liabilities:	
Due to Other Funds	11
Intergovernmental Payables	(465)
Accounts Payable	(618)
Accrued Wages & Benefits	(1,410)
Deferred Revenue	(629)
Compensated Absences	2,163
Net Adjustments	7,483
Net Cash Used in Operating Activities	(92,693)
Cash Flows from Noncapital Financing Activities:	
Earnings on Investments	392
Grants from State Sources	49,431
Grants from Federal Sources	15,546
Transfers from Other Funds	18,000
Net Cash Provided by Noncapital Financing Sources	83,369
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(1,158)
Net Increase (Decrease) in Cash & Cash Equivalents	(10,482)
Cash and Cash Equivalents at Beginning of Year	60,465
Cash and Cash Equivalents at End of Year	\$ 49,983

See Accompanying Notes to the General Purpose Financial Statements

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**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The District was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District has been supported by a 1.1 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

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

**B. 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 government functions or activities.

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

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

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

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

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

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

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 proprietary fund types:

Enterprise Funds - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. 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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

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

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



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

Account Groups

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

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

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

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial 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 operations 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 (e.g., revenues) and decreases (e.g., expenses) in net total assets. The District has elected, under GASB No.20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

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

The modified accrual basis of accounting is followed for the Governmental Fund Types, Expendable Trust and Agency Funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

Non-exchange transactions, in which the School District receives value without directly giving equal value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: property taxes available as an advance, interest, tuition, grants and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**D. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may 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.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's 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 Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2002.

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

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

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the 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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), commercial paper, bankers acceptances, treasury notes, federal agency securities, and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. All investment earnings accrue to the General Fund, the Capital Project Fund and the Enterprise Funds. Interest income earned in fiscal year 2002 totaled \$819,899. General fund interest posted in fiscal year 2002, totaled \$813,162 of which \$384,924 was assigned to the General Fund by other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

**F. Inventories**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**H. Fixed Assets**

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of 5 to 20 years of the assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of 5 to 20 years of the assets.

**I. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2002 the District had \$3,743 in due from/to other funds and \$40,140 in interfund receivables/payables.

**J. Compensated Absences**

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

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments.

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

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these 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 debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws.

Sick Leave: Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum of 260 days. Upon evidence of retirement and five years of full-time service in the District, payment is paid for accumulated unused sick days in one lump sum up to one-fourth (1/4) of the total accumulated sick leave not to exceed 65 days multiplied by the per diem rate at the time of retirement.

Vacation Pay: Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Although each employee is encouraged to use vacation leave as earned, such leave may accumulate to a maximum of two-years.

Only administrative and twelve month school support personnel accumulate vacation on the following factors:

School Support Personnel	Vacation Leave
After 1 Year	10 Days
5 or more Years	15 Days
10 or more Years	20 Days

All administrative personnel earn twenty days vacation leave annually.

**K. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources prior to fiscal year 2001. After fiscal year 2000, capital contributions received from other governments and private sources are recorded as revenues and are reported as retained earnings. Capital contributions from other funds are still recorded as contributed capital.

**L. Long-Term Obligations**

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities for proprietary fund operations are accounted for in those funds.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**M. Interfund Transactions**

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

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

**N. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations. Unreserved fund balance indicates that portion of fund equity which is available for appropriation. Fund equity reserves are established for inventory, encumbrances and future appropriations.

**O. Memorandum Only - Total Columns**

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, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**P. Estimates**

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

**Note 2. Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget 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).

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 2. Budgetary Basis of Accounting (continued)**

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). The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types</b>			
	General Fund	Special Revenue	Capital Project
GAAP Basis	\$ 1,709,250	(39,447)	\$ 5,895
Increase (Decrease):			
Due to Revenues:			
Net Adjustments to Revenue Accruals	116,194	25,000	0
Due to Expenditures:			
Net Adjustments to Expenditure Accruals	(146,838)	1,165	0
Encumbrances	11,491	(11,491)	0
Budget Basis	\$ 1,690,097	(24,773)	\$ 5,895

**Note 3. Cash and Investments**

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

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

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

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



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 3. Cash and Investments (continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio); and

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**Deposits:** At year end, the carrying amount of the District's deposits was \$1,811,890 and the bank balance was \$2,118,721. Of the bank balance, \$158,096 was covered by Federal Depository Insurance and \$1,960,625 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category			Fair Value
	1	2	3	
Federal Agencies	\$ 0	7,925,313	0	\$ 7,925,313
STAR Ohio	0	0	0	11,020,897
Repurchase Agreement	0	0	269,256	269,256
Total Investments	\$	7,925,313	\$ 269,256	<u>\$ 19,215,466</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 3. Cash and Investments (continued)**

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

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

	Cash and Investments	Investments
GASB Statement No. 9	\$ 21,027,356	\$ 0
Investments:		
Federal Agencies	(7,925,313)	7,925,313
STAR Ohio	(11,020,897)	11,020,897
Repurchase Agreement	<u>(269,256)</u>	<u>269,256</u>
GASB Statement No. 3	<u>\$ 1,811,890</u>	<u>\$ 19,215,466</u>

**Note 4. Property Taxes**

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

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year.

Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 4. Property Taxes (continued)**

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

The District receives property taxes from Madison, Franklin, Union, Delaware, and Fayette Counties. Tax settlements are made each February and August for real property taxes and each June and October for personal property taxes.

The full tax rate for the fiscal year ended June 30, 2002, was \$1.10 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2001 taxes were collected were as follows:

Real Property	\$ 4,126,173,740
Personal Property	<u>641,347,632</u>
Total Assessed Value	<u><u>\$ 4,767,521,372</u></u>

Uncollectible taxes outstanding, available to the District within 60 days after fiscal year end are recorded as receivables at June 30. The receivable is offset by a credit to deferred revenue since the receivables represent taxes recorded in advance of the year for which they are intended to finance.

**Note 5. Receivables**

Receivables at June 30, 2002, consisted of taxes, accounts (student fees), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Special Revenue Funds:	
CDP Grant	<u>28,183</u>
Total Special Revenue Funds	28,183
Proprietary Funds:	
Lunchroom	1,205
Adult Education	<u>1,470</u>
Total Proprietary Funds	<u>2,675</u>
Grand Total	<u><u>\$ 30,858</u></u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 6. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001 (the latest information available), 4.2 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$95,743, \$93,242 and \$87,356, respectively; 93.15 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$8,656 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000 (the latest information available), 6 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$571,938, \$547,449 and \$536,118, respectively; 88.05 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$68,333 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 7. Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001 (the latest information available), the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$183,837 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001 (the latest information available), employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2002, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$69,114.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 8. Interfund Transactions**

At June 30, 2002, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 40,140	\$ 0
Special Revenue Funds	0	40,140
	\$ 40,140	\$ 40,140

Due from/to Other Funds:

	Due From	Due To
Agency Funds	\$ 3,743	\$ 0
General Fund	0	3,416
Special Revenue Funds	0	230
Enterprise Funds	0	97
	\$ 3,743	\$ 3,743

**Note 9. Contingencies**

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2002.

**Note 10. Fixed Assets**

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

Furniture and Equipment	\$ 158,222
Less Accumulated Depreciation	(86,763)
Net Fixed Assets	\$ 71,459

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 10. Fixed Assets (continued)**

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

	General Fixed Assets June 30, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
Land and Improvements	\$ 150,000	0	0	\$ 150,000
Buildings	11,217,663	0	0	11,217,663
Furniture and Equipment	4,611,693	148,001	119,145	4,640,549
Vehicles	448,476	0	0	448,476
Total General Fixed Assets	<u>\$ 16,427,832</u>	<u>148,001</u>	<u>119,145</u>	<u>\$ 16,456,688</u>

The District had no construction in progress at June 30, 2002.

**Note 11. Segments Information for Enterprise Funds**

Key financial data for the District's Enterprise Funds for the year ended June 30, 2002, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education Fund	Total
Operating Revenues	\$ 111,083	17,275	116,666	\$ 245,024
Operating Expenses:				
Depreciation	649	0	0	649
Other	146,165	21,183	177,203	344,551
Total Operating Expenses	<u>146,814</u>	<u>21,183</u>	<u>177,203</u>	<u>345,200</u>
Operating Income (loss)	(35,731)	(3,908)	(60,537)	(100,176)
Non Operating Revenues and				
Grants	16,263	0	48,714	64,977
Earnings on Investments	392	0	0	392
Loss on Disposal of Assets	(489)	0	0	(489)
Transfers In	18,000	0	0	18,000
Net Income (loss)	<u>\$ (1,565)</u>	<u>(3,908)</u>	<u>(11,823)</u>	<u>\$ (17,296)</u>
Net Working Capital	<u>\$ (3,468)</u>	<u>0</u>	<u>(4,670)</u>	<u>\$ (8,138)</u>
Retained Earnings	<u>\$ (20,124)</u>	<u>18,418</u>	<u>18,256</u>	<u>\$ 16,550</u>
Contributed Capital Balance	<u>\$ 88,115</u>	<u>0</u>	<u>0</u>	<u>\$ 88,115</u>

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 12. Capital Leases**

The District is making installment payments for three copiers purchased with an original cost of \$30,086. This equipment has been capitalized in the general fixed assets account group. This obligation for two of the copiers provides for interest at a rate of 8% with an outstanding balance of \$12,137 at June 30, 2002. The obligation for the third copier provides for interest at a rate of 12.5% with an outstanding balance of \$8,578 at June 20, 2002. The total amount of capital leases outstanding at June 30, 2002 is \$20,715.

Payment for the installment purchase obligations as of June 30, 2002, and related interest.

	Principal	Interest	Payment
FY2003	\$ 5,860	1,785	\$ 7,645
FY2004	6,463	1,182	7,645
FY2005	7,131	514	7,645
FY2006	1,261	15	1,276
	<u>\$ 20,715</u>	<u>3,496</u>	<u>\$ 24,211</u>

**Note 13. Risk Management**

General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. In addition, the District maintains a \$2,000,000 umbrella liability policy.

The District maintains replacement cost insurance on buildings and contents in the amount of \$33,005,000. The District maintains fleet insurance in the amount of \$1,000,000 per accident. The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment.

Workers' Compensation-Public Entity Risk Pool

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. 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.



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 13. Risk Management (continued)**

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

Health Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Center insurance purchasing program. The District has elected to provide employee medical/surgical benefits and dental through Medical Mutual of Ohio, a fully funded program.

**Note 14. Jointly Governed Organizations**

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC.

**Note 15. School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." .

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**Note 16. Statutory Reserves**

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

	Textbook Acquisition	Capital Acquisition
Set aside Cash Balance as of June 30, 2001	\$ 0	\$ 0
Current Year Set-Aside Requirement	64,740	64,740
Qualifying Disbursements	<u>(313,876)</u>	<u>(353,567)</u>
Cash Balance Carried Forward to FY2003	<u>\$ (249,136)</u>	<u>                    </u>

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

**Note 17. Fund Deficits**

Fund balances at June 30, 2002, included the following individual fund deficit:

Special Revenue Funds:

CDP Fund	<u>\$ (40,279)</u>
----------	--------------------

The deficit resulted from accrued liabilities for intrafund payables and intergovernmental payables. The general fund is liable for any deficits in funds of the District and provides operating transfers when cash is required, not when accruals occur.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2002**

<b>Federal Grantor; PASS-THROUGH GRANTOR; Program Title</b>	Pass-Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Dept. of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	063511	10.550	\$0	\$3,794	\$0	\$3,454
National School Lunch	063511-LLP4- 2001/2002	10.555	9,807	-	9,807	-
Total U.S. Dept. of Agriculture - Child Nutrition Cluster			9,807	3,794	9,807	3,454
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Dept. of Education</i>						
Adult & Community Education	063511-ABS1- 2002	84.002	17,049	-	25,408	-
Vocational Education - Basic Grants to States	063511-20C1- 2002	84.048	236,618	-	266,032	-
Total Dept. of Education			253,667	-	291,440	-
Total Federal Awards			\$263,474	\$3,794	\$301,247	\$3,454

See Accompanying Notes to this Schedule.

**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS  
RECEIPTS AND EXPENDITURES  
JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Central Ohio Joint Vocational School District  
Madison County  
7877 U.S. Highway 42 South  
Plain City, Ohio 43064

To the Board of Education:

We have audited the general purpose financial statements of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 13, 2002.

Central Ohio Joint Vocational School District  
Madison 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 management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

**JIM PETRO**  
Auditor of State

December 13, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Central Ohio Joint Vocational School District  
Madison County  
7877 U.S. Highway 42 South  
Plain City, Ohio 43064

We have audited the compliance of the Central Ohio Joint Vocational School District, Madison County, Ohio, (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2002. 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.

**Compliance**

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 year ended June 30, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

December 13, 2002



**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2002**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CENTRAL OHIO JOINT VOCATIONAL SCHOOL DISTRICT**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 9, 2003**